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Agenda item 134
Proposed programme budget for the biennium 2016-2017

Review of the experience of the utilization of the contingency fund

Report of the Secretary-General

Summary

The present report has been prepared pursuant to section XII of resolution 69/262, by which the General Assembly requested the Secretary-General to review the recent experience of the utilization of the contingency fund in all its relevant aspects and to report thereon at the seventieth session. Accordingly, information is provided herein on the experience of the utilization of the contingency fund since its inception.

Under the arrangements set out in resolutions 41/213 and 42/211, the programme budget shall include a contingency fund expressed as a percentage of the overall budget level, to accommodate additional expenditures derived from legislative mandates not provided for in the proposed programme budget or revised estimates, and subject to certain provisions. No predetermined level exists for the contingency fund; instead, a percentage is proposed by the Secretary-General for application to the programme budget outline amount. At the time of approving the outline, the General Assembly also approves the percentage, thereby determining the level of the contingency fund.

A review of the experience on the utilization of the fund indicates that, since its establishment in the biennium 1990-1991, with the exception of the bienniums 2006-2007, 2012-2013 and 2014-2015, the level of the fund has been sufficient to cover additional requirements reflected in the consolidated statement of programme budget implications and revised estimates. In cases where it has not proved possible to stay within the contingency fund, additional amounts were appropriated by the General Assembly outside of the contingency fund.

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The General Assembly is requested to take note of the present report and may wish, on the basis of the experience reported, to provide further guidance on any aspect of the contingency fund.

I. Introduction

1. In section XII of its resolution 69/262, the General Assembly requested the Secretary-General to review the recent experience of the utilization of the contingency fund in all its relevant aspects and to report thereon at its seventieth session. The present report is submitted pursuant to that request.

II. Background

2. The creation of a contingency fund was decided on by the General Assembly in annex I of its resolution 41/213 on the review of the efficiency of the administrative and financial functioning of the United Nations. Paragraphs 8 and 9 of annex I reads:

> 8. The programme budget shall include a contingency fund expressed as a percentage of the overall budget level, to accommodate additional expenditures relating to the biennium derived from legislative mandates not provided for in the proposed programme budget or, subject to the provisions of paragraph 11 below, from revised estimates.
>
> 9. If additional expenditures, as defined in paragraph 8 above, are proposed that exceed resources available within the contingency fund, such additional expenditures can only be included in the budget through redeployment of resources from low-priority areas or modifications of existing activities. Otherwise, such additional activities will have to be deferred until a later biennium.

Paragraph 11 provides the following:

> 11. [T]he revised estimates arising from the impact of extraordinary expenses, including those relating to the maintenance of peace and security, as well as fluctuations in rates of exchange and inflation, shall not be covered by the contingency fund and shall continue to be treated in accordance with established procedures and under the relevant provisions of the Financial Regulations and Rules.

3. The General Assembly, in the annex to its resolution 42/211, set out the criteria for use of the contingency fund (section A), the period covered (section B) and the operation of the contingency fund (section C). Paragraph 1 of section A provides that the contingency fund should be used to cover:

(a) Additional resources that may be required as a result of the consideration of statements of programme budget implications;

(b) Revised estimates in respect of:

(i) Amounts required over and above the estimates in the proposed programme budget for activities which had been included in the proposed programme budget but which were not acted upon at first reading pending submission of additional information;

(ii) Additional requirements for construction related only to changes in the scope of the projects which are so urgent that the matter cannot wait to be considered in the context of the budget outline; additional requirements related

to cost increases should be handled under provisions for dealing with inflation and currency fluctuations; similarly, additional requirements related to the effects of natural disasters or unforeseen obstacles should be handled on an ad hoc basis and should not be covered by the contingency fund;

(iii) Additional requirements resulting from legislative mandates, such as those resulting from the decisions of the Economic and Social Council.

4. Paragraph 1, section A, of annex I to resolution 41/213 provides that, in off-budget years, the Secretary-General shall submit an outline of the programme budget for the following biennium, which shall contain an indication of, inter alia, the size of the contingency fund expressed as a percentage of the overall level of resources. Section C of the annex to resolution 42/211 provides that, in the off-budget year, the General Assembly would decide on the size of the fund in accordance with the provisions of annex I to resolution 41/213. No set percentage is specified for the contingency fund.

5. In the annex to resolution 42/211, the General Assembly specified that the Secretary-General would prepare and submit a consolidated statement of all programme budget implications and revised estimates considered at a session of the Assembly, and that the amounts therein would correspond to those previously recommended by the Fifth Committee upon its consideration of individual statements and proposals for revised estimates. Should the consolidated amount exceed the balance available in the fund for that year, the Secretary-General would, in his consolidated statement, make proposals for revising the amount so that it would not exceed the available balance. In so doing, the Secretary-General would be guided by the indications of alternatives included in each statement of programme budget implications and in each proposal for revised estimates. The Secretary-General would also take into account any indications of relative urgency that each legislative body might wish to make regarding its resolutions and decisions. Upon consideration of the consolidated statement, the Assembly would proceed to appropriate the funds necessary under the relevant sections of the programme budget.

III. Experience

6. The present section addresses the experience relating to the utilization of the contingency fund and the application of alternatives in cases where it has not been possible to finance all or part of the additional requirements within the fund.

Size of the contingency fund

7. Against the background set out above, the Secretary-General submitted the first proposed budget outline with document A/43/524. In addressing the level of the contingency fund for the related biennium, the Secretary-General recalled that, in his report on the contingency fund (A/42/225), it had been observed that a contingency fund amounting to 0.75 per cent of the budget appeared reasonable for the following biennium. It was noted that that level of contingency had been neither approved nor rejected in principle by the General Assembly, and, under the circumstances, it was proposed that the rate of 0.75 per cent be adopted for the

biennium 1990-1991 on the understanding that the Assembly should continue to keep under review the appropriateness and adequacy of that level.

8. In its resolution 43/214, the General Assembly set the level of the contingency fund for the biennium 1990-1991 at 0.75 per cent of the preliminary estimate for the biennium, that is $15 million. Since then, the size of the contingency fund has always been set by the Assembly at the same percentage (0.75) of the overall level of resources approved in the context of the budget outline, even though the level proposed by the Secretary-General has not always been 0.75 per cent of the preliminary estimate. Taking into account information available at the time of submission of specific budget outline proposals, the Secretary-General has proposed levels lower or higher than 0.75 per cent, as follows:

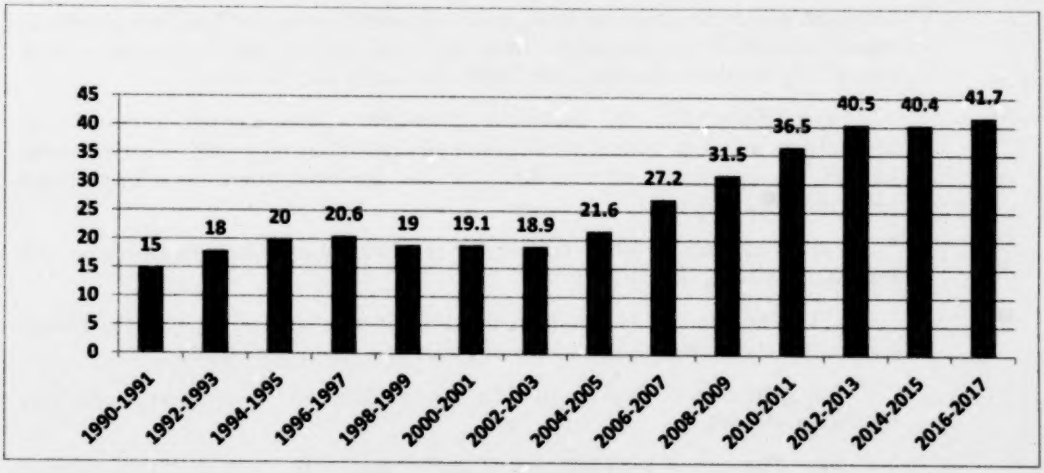
(a) In proposing a budget outline and contingency fund level for the biennium 1998-1999, it was noted that, in the first year of the 1996-1997 biennium, the level of drawdown against the contingency fund, which for 1996-1997 was set at $20.6 million, had been $1.1 million. It was therefore recommended that the level be set at 0.25 per cent for the biennium 1998-1999, representing $6 million (A/51/289);

(b) In proposing a budget outline and contingency fund level for the biennium 2008-2009, it was noted that the experience of recent biennia reflected the increasing occurrence of situations where potential charges exceeded the balance available within the contingency fund. Accordingly, it was recommended that the contingency fund be set at a level of 1.35 per cent, or $55.9 million, for the biennium 2008-2009 (A/61/576).

9. While the percentage applied in arriving at contingency fund levels has remained the same (0.75 per cent), the actual nominal level of the fund has varied with the size of the approved outline amount. The figure below provides information on the size of the contingency fund since its establishment.

Size of the contingency fund since its establishment

(Millions of United States dollars)



Utilization of the contingency fund

10. Detailed information on the utilization of the contingency fund since its creation is provided in table 1 below.

Table 1
Utilization of the contingency fund since its inception

Biennium	*Size (millions of US dollars)*	*Percentage of preliminary estimate*	*Approved charges (thousands of US dollars)*	*Approved charges (per cent)*	*Additional appropriations that did not represent a charge against the contingency fund[a] (millions of US dollars)*
1990-1991	15.0	0.75	11.8	78.7	–
1992-1993	18.0	0.75	6.3	35.0	–
1994-1995	20.0	0.75	18.5	92.5	–
1996-1997	20.6	0.75	5.2	25.2	–
1998-1999	19.0	0.75	3.7	19.5	–
2000-2001	19.1	0.75	18.9	99.0	–
2002-2003	18.9	0.75	18.9	100.0	–
2004-2005	21.6	0.75	13.8	63.9	–
2006-2007	27.2	0.75	26.6	97.8	52.6
2008-2009	31.5	0.75	26.3	83.5	–
2010-2011	36.5	0.75	14.1	38.6	–
2012-2013	40.5	0.75	37.5	92.6	8.6
2014-2015	40.4	0.75	40.2	99.5	5.1
2016-2017	41.7	0.75	..	..	..

[a] As contained in the reports that would normally represent a charge against the contingency fund.

11. As can be seen from the above, although the utilization of the fund has remained within the approved level, recent experience indicates that, in a number of cases, additional appropriations were approved outside the contingency fund, specifically for the bienniums 2006-2007, 2012-2013 and 2014-2015.

12. Specifically, for the biennium 2006-2007, requirements in excess of $50 million, although normally chargeable to the contingency fund, were approved outside the provisions of the fund for the implementation of reform-related proposals, as follows:

(a) The sum of $44.3 million for the 2005 World Summit Outcome (see resolutions 60/246 and 60/247);

(b) The sum of $4.6 million for the initiative on investing in the United Nations for a stronger Organization worldwide (see resolution 60/283);

(c) The sum of $3.4 million for the initiative on investing in people (see resolution 61/244);

(d) The sum of $327,800 (net of staff assessment) in relation to the updated terms of reference for the Independent Audit Advisory Committee (see resolution 61/275).

13. For the bienniums 2012-2013 and 2014-2015, although the Secretary-General's consolidated statement of programme budget implications and revised estimates included the absorption of additional requirements resulting from new and expanded mandates in the amount of $3.9 million and $1.7 million, respectively, the magnitude of the requirements was such that full absorption was not possible (see A/C.5/67/15 and A/C.5/69/16).

14. It was recalled that, under the provisions of resolution 41/213, if additional expenditures were proposed that exceed resources available within the contingency fund, such additional expenditures could be included in the budget only through the redeployment of resources from low-priority areas or the modification of existing activities. Otherwise, such additional activities would have to be deferred until a later biennium. In the annex to its resolution 42/211, the General Assembly also specified that, should the consolidated amount exceed the balance available in the fund for a specific year, the Secretary-General would, in his consolidated statement, make proposals for revising the amount so that it would not exceed the available balance. In so doing, the Secretary-General would be guided by the indications of alternatives included in each statement of programme budget implications and in each proposal for revised estimates.

15. It was further recalled that, in its resolution 48/228 A, the General Assembly had endorsed the recommendation of the Committee for Programme and Coordination to remove the practice of identifying high- and low-priority programme elements from the format of the programme budget. As the present format of the budget no longer contains priority-setting information approved by Member States, alternative options for reduction or reallocation of resources between high- and low-priority mandated programme elements, including the deferral, termination and curtailment of mandated activities, would require the approval of the Assembly.

16. The General Assembly, in reviewing the consolidated statements of programme budget implications for the bienniums 2012-2013 and 2014-2015, decided to approve additional appropriations outside the contingency fund, notably in respect of the revised estimates resulting from the decisions contained in the outcome document of the United Nations Conference on Sustainable Development, entitled "The future we want" (resolution 66/288, annex), for the biennium 2012-2013 ($8.6 million), and a total amount of $5.1 million relating to first the administration of justice at the United Nations ($2.5 million), and second requirements for the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa and proposals for the renovation of conference facilities, including Africa Hall ($2.6 million), for the biennium 2014-2015. On the basis of the aforementioned, the approved charges against the contingency fund remained within the level set by the Assembly for the respective bienniums.

17. Programme budget implications, revised estimates and the related consolidated statements of charges against the contingency fund include any activities that can be accommodated through existing resources, modified or dealt with in the context of future proposed programme budgets. Further suggestions for reducing the proposals below the amounts already presented are included in the consolidated statement, if applicable, as was the case for the biennium 2004-2005 (see A/C.5/58/34).

18. In the annex to its resolution 42/211, the General Assembly specified that the consolidated statements considered at its sessions were to be based on the amounts previously recommended by the Fifth Committee upon its consideration of individual statements and proposals for revised estimates, and on any indications of relative urgency that each legislative body might wish to make regarding its resolutions and decisions. In practice, however, the consolidated statements are often prepared on the basis of the initial proposals of the Secretary-General and related recommendations of the Advisory Committee, and prior to the final recommendation taken by the Fifth Committee upon its consideration of the individual statements and proposals for revised estimates.

19. The categories of reports that contained charges against the contingency fund which were approved by the General Assembly over the past four bienniums are illustrated in table 2. As illustrated in table 2, the degree of utilization of the contingency fund varies across bienniums depending on the specific requirements and situation of the specific biennium, which does not necessarily apply in the following biennium.

Table 2
Categories of reports approved by the General Assembly that contained charges against the contingency fund
(Thousands of United States dollars)

	2008-2009		*2010-2011*		*2012-2013*		*2014-2015*	
Approved charges	*Amount*	*Percentage*	*Amount*	*Percentage*	*Amount*	*Percentage*	*Amount*	*Percentage*
Programme budget implications	18 156.4	69	5 811.0	41	5 301.1	14	12 698.2	32
Revised estimates, Human Rights Council	6 603.1	25	2 555.2	18	19 837.4	53	16 447.7	41
Revised estimates, Economic and Social Council	–	–	–	–	26.2	–	–	–
Other revised estimates and supplementary programme budget requirements	1 579.0	6	5 758.6	41	12 303.1	33	11 050.2	27
Total approved charges	**26 338.5**	**100**	**14 124.8**	**100**	**37 467.8**	**100**	**40 196.1**	**100**

IV. Recommendation

20. **The General Assembly is requested to take note of the present report and may wish, on the basis of experience reported, to provide further guidance on any aspect of the contingency fund.**

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Programme budget for the biennium 2014-2015

Proposed programme budget for the biennium 2016-2017

Limited budgetary discretion

Report of the Secretary-General

Summary

The General Assembly, in section III of its resolution 60/283, decided to authorize the Secretary-General, on an experimental basis, a limited discretion for budgetary implementation for the bienniums 2006-2007 and 2008-2009, to enter into commitments up to $20 million in each biennium for positions and non-post requirements for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities. In accordance with the provisions of section III, paragraph 8, of that resolution, it was expected that such discretion would be implemented in accordance with a number of defined principles.

By section III of its resolution 64/260, section I of its resolution 66/258 and resolution 68/246, the General Assembly extended those arrangements to the bienniums 2010-2011, 2012-2013 and 2014-2015 following its consideration of the Secretary-General's reports on limited budgetary discretion contained in documents A/64/562, A/66/570 and A/68/490, and the related reports of the Advisory Committee contained in documents A/64/7/Add.18, A/66/7/Add.18 and A/68/7/Add.9.

In its most recent resolution, 68/246, the General Assembly recalled section I of its resolution 66/258 and endorsed the conclusions and recommendations contained in the report of the Advisory Committee on limited budgetary discretion (A/68/7/Add.9), in which the Committee recommended continuation of the discretionary authority on an experimental basis for the biennium 2014-2015 and that the Assembly request the Secretary-General to provide a comprehensive report on the implementation of the experiment that included clearer criteria used to define the evolving needs of the Organization, to ensure a more consistent approach to the usage of the limited budgetary discretion.

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The present report is submitted in response to that request. On the basis of the experience gained during the past five bienniums, the Secretary-General proposes to continue the limited discretionary mechanism under the current arrangements, as set out in section III of resolution 60/283, and includes in the report a refinement of the criteria used to define the evolving needs of the Organization.

I. Introduction

1. Following the adoption of the 2005 World Summit Outcome (resolution 60/1) and the reaffirmation by the General Assembly of the role of the Secretary-General as the chief administrative officer of the Organization, in accordance with Article 97 of the Charter of the United Nations, the Assembly requested him to make proposals for its consideration on the conditions and measures necessary for him to effectively carry out his managerial responsibilities. A number of reform proposals had been put forward for consideration by the Assembly, including proposals to make more efficient use of the financial and human resources available to the Organization, and thus better comply with its principles, objectives and mandates.

2. Subsequently, in paragraph 11 of its resolution 60/246, the General Assembly recognized the need for limited discretion in budgetary implementation for the Secretary-General, within defined parameters to be agreed by the General Assembly along with clear accountability mechanisms for its use. In that regard, the Assembly decided, in section III of its resolution 60/283, to authorize the Secretary-General, on an experimental basis, a limited discretion for budgetary implementation for the bienniums 2006-2007 and 2008-2009, to enter into commitments up to $20 million in each biennium for positions and non-post requirements for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities, subject to defined principles as articulated in section III, paragraph 8, of the same resolution. The discretion is limited to a total amount of $6 million per biennium under the authority of the Secretary-General; any amounts in excess of that level require submission to and approval by the Advisory Committee on Administrative and Budgetary Questions. The Assembly extended those arrangements for the bienniums 2010-2011, 2012-2013 and 2014-2015 by its resolutions 64/260, 66/258 and 68/246. The experiment was utilized by the Secretary-General over the course of the bienniums 2006-2007, 2008-2009 and 2010-2011, and its use reported to the General Assembly through the Advisory Committee in the context of the related performance reports, as required by the Assembly in section III, paragraph 9, of its resolution 60/283.

3. Pursuant to paragraph 10 of resolution 60/283, the Secretary-General reported in December 2009 on the limited budgetary discretion and recommended that consideration be given to the continuation of the limited discretion provision as an established procedure, with some modifications to the levels of the discretion (see A/64/562). Specifically, it was proposed that the amount of the discretion be increased to $30 million (from $20 million) and that the amount beyond which the prior concurrence of the Advisory Committee must be sought be increased to $10 million per biennium (from $6 million per biennium).

4. In its report on limited budgetary discretion (A/64/7/Add.18), the Advisory Committee noted that the discretion had been authorized by the General Assembly on an experimental basis and that its formal establishment as a mechanism, as requested by the Secretary-General, was a policy decision to be made by the Member States. The Advisory Committee did not object to the continuation of the current arrangements for the exercising of the limited discretionary authority by the Secretary-General for the biennium 2010-2011 and recommended that the Secretary-General be requested to submit a comprehensive report to the Assembly at its sixty-sixth session that would fully address the requests made in section III, paragraph 10 (a) to (d), of resolution 60/283. In section III, paragraph 2, of its

resolution 64/260, the Assembly endorsed the conclusions and recommendations contained in the report of the Advisory Committee.

5. Pursuant to section III, paragraph 2, of resolution 64/260, the Secretary-General submitted to the General Assembly in November 2011 a report on limited budgetary discretion and recommended continuation of the limited discretion provision as an established procedure, with some modifications to the levels of the discretion (see A/66/570). Specifically, it was proposed that (a) the amount of the discretion be increased to $30 million (from $20 million); (b) the amount beyond which the prior concurrence of the Advisory Committee must be sought be revised from $6 million per biennium to $6 million per year; and (c) the discretionary authority be utilized, with respect to Assembly resolutions to be implemented "within existing resources", in cases where activities are of a cross-cutting nature, affecting many budget sections, which would require an amendment to paragraph 8 (e) of section III of resolution 60/283 (see A/66/570, para. 53).

6. In its report (A/66/7/Add.18), the Advisory Committee expressed the belief that clearer criteria for determining which activities should be funded through limited budgetary discretion would ensure a more consistent approach to the utilization of the budgetary discretion, responding to changing requirements arising during the biennium. The Committee noted that the Secretary-General's proposal did not put forward any new arguments or rationale in support of the proposed modifications to the limited budgetary discretionary authority, in particular the request to increase the limit of the authority from $20 million to $30 million and the request to modify the amount to be used by the Secretary-General without prior concurrence of the Committee from $6 million per biennium to $6 million per year. The Committee pointed out that the biennial utilization pattern did not indicate that the current limit of $20 million was inadequate and recommended that the Secretary-General be requested to provide information addressing those issues to the General Assembly at its sixty-eighth session. In section I, paragraph 2, of its resolution 66/258, the General Assembly endorsed the conclusions and recommendations contained in the report of the Advisory Committee.

7. On the basis of the request, the Secretary-General submitted a report to the General Assembly in September 2013 (A/68/490) and recommended that the General Assembly approve continuation of the limited discretionary mechanism in the biennium 2014-2015 under the current arrangements, as set out in section III of resolution 60/283, and not pursue the modifications proposed in his previous report on limited budgetary discretion (A/66/570). The General Assembly, in its resolution 68/246, took note of the Secretary-General's report and endorsed the conclusions and recommendations contained in the report of the Advisory Committee (A/68/7/Add.9), in which the Committee recommended continuation of the discretionary authority on an experimental basis for the 2014-2015 biennium and that the Assembly request the Secretary-General to provide a comprehensive report on the implementation of the experiment that included clearer criteria for determining which activities should be funded through limited budgetary discretion, to ensure a more consistent approach to the usage of the limited budgetary discretion. The present report has been prepared pursuant to that request.

II. Purpose of limited budgetary discretion

8. The purpose of limited budgetary discretion is to enable the Secretary-General to carry out his managerial responsibilities more effectively by allowing reallocation of resources within the authorized appropriation level approved by Member States for a given biennium in order to meet evolving requirements for which resources are not otherwise available.

9. There are existing mechanisms to accommodate various requirements that may arise during programme implementation as a result of new and expanded mandates. Established mechanisms to address such requirements include requesting the General Assembly for approval to use the contingency fund. In addition, the Secretary-General is authorized, under certain conditions and within certain monetary limits, to enter into commitments for unforeseen and extraordinary activities relating to the maintenance of peace and security, commitments certified by the President of the International Court of Justice and commitments that the Secretary-General certifies are required for security measures pursuant to section XI, paragraph 6, of General Assembly resolution 59/276, without reverting to the Advisory Committee and the Assembly for approval of the required resources.

10. The application of limited budgetary discretion falls outside the parameters of funding mechanisms described in paragraph 9 above, and does not require additional funds to be made available by the General Assembly, as it entails the redistribution of resources to budget sections that would not be able to accommodate the requirements from the resources available within those sections.

11. The limited budgetary discretion is to be implemented in accordance with nine specific principles detailed in section III, paragraph 8, of General Assembly resolution 60/283, namely:

(a) The experiment would not be utilized for unforeseen and extraordinary expenses authorized in respect of the maintenance of peace and security;

(b) The experiment would not imply any changes in the human resources management policies of the Organization;

(c) The proposed programme budget would remain the principal instrument in which the Secretary-General sets out the resources and staffing requirements of the Organization, including the requirements for all reform proposals as agreed by Member States;

(d) The experiment would in no way prevent the Secretary-General from requesting additional posts during the course of the experiment;

(e) The experiment would not be implemented in pursuance of General Assembly resolutions calling for the implementation of decisions "within existing resources";

(f) The experiment would not imply any changes to the provisions guiding the use of the contingency fund;

(g) The utilization of authorization would be exercised with the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions when the total amount utilized is in excess of $6 million per biennium;

(h) The experiment would not alter the priorities of the Organization as agreed by the General Assembly;

(i) The utilization of the funds provided for under the experiment would be subject to the Financial Regulations and Rules of the United Nations.

III. Utilization of limited budgetary discretion

12. Comprehensive information on the utilization of the discretionary mechanism for the bienniums 2006-2007, 2008-2009 and 2010-2011 was reported in the context of the first and second performance reports for the respective bienniums and in the reports of the Secretary-General on limited budgetary discretion that were submitted to the General Assembly at its sixty-fourth and sixty-sixth sessions (A/64/562 and A/66/570).

13. In summary, for the bienniums from 2006-2007 to 2010-2011, the discretionary mechanism was utilized for avian influenza pandemic preparedness ($5.2 million); fire safety ($3.5 million); the enterprise resource planning system ($2.8 million); human influenza pandemic preparedness ($8.6 million); the extension of the appointments of ad litem judges of the United Nations Dispute Tribunal and their support staff ($2 million); strengthening of the Administrative Law Section of the Office of Human Resources Management and the Office of Legal Affairs ($1.3 million); and reconstruction and renovation of the premises of the Economic Commission for Latin America and the Caribbean (ECLAC) in Santiago following the 2010 earthquake ($5.5 million).

14. The limited budgetary discretion mechanism makes it possible to use underexpenditure from within the authorized appropriation level to meet emerging needs of the Organization. During the biennium 2012-2013, underexpenditure was not anticipated owing, in part, to the deferral of part of the recosting requirements for posts and lower overall actual vacancy rates than budgeted. In its resolution 66/246, the General Assembly decided to defer consideration of post-related recosting for inflation and exchange rate projections for the biennium 2012-2013 to the first performance report in order to ensure that appropriation was in line with actual post-related expenditure. Following its consideration of the first performance report, the Assembly, in its resolution 67/246, decided to further defer consideration of inflation and exchange rate projections for 2013 and adjustments to standard costs relating to payroll, common staff costs and vacancy rates for the biennium 2012-2013, to the time of its consideration of the second performance report, in order to ensure that appropriation was in line with actual post-related expenditure.

15. During the biennium 2012-2013, the discretionary mechanism would have been an option to partially fund remediation work relating to the aftermath of storm Sandy. However, as no potential underexpenditure was anticipated, the Secretary-General requested an additional amount of $6.1 million to cover urgent preventive work in the basement levels of the Secretariat Building to ameliorate potential damage in the event of another flood (see A/67/748).

16. The inability to use the discretionary authority for that purpose did not have any impact on programme delivery, as the Secretary-General was able to fund the initial work in the immediate aftermath of the storm (e.g., the clean-up process) on a temporary basis from within existing allotments of the respective sections pending

the additional commitment authority by the General Assembly and receipt of insurance claim settlements.

17. For the current, 2014-2015, biennium, the limited budgetary discretionary authority was not utilized as it was deemed that no activities emerged within the principles set by the General Assembly and the refined criteria used by the Secretary-General to define the evolving needs of the Organization, as reflected in section IV below.

18. Although no recourse has been made to the discretionary facility in 2012-2013 and 2014-2015, as shown by the pattern of utilization over three bienniums, limited discretionary authority has allowed the Secretary-General to immediately address man-made and natural disasters and to accommodate evolving requirements in support of mandate implementation without the requirement to seek additional resources to meet those needs from the General Assembly.

19. The table below provides a summary of the utilization of the discretionary authority from 2006 to the present.

Utilization of the limited budgetary discretionary authority from 2006-2007 to 2014-2015

(United States dollars)

Use[a]	*2006-2007*[b,c]	*2008-2009*[d]	*2010-2011*[e]	*2012-2013 2014-2015*	*Total*
Avian influenza pandemic preparedness	5 283 400	–	–	–	5 283 400
Human influenza pandemic preparedness	–	8 556 100	–	–	8 556 100
Enterprise resource planning project	–	2 764 000	–	–	2 764 000
Fire safety at United Nations Headquarters	3 500 000	–	–	–	3 500 000
Strengthening of the Office of Legal Affairs	–	–	826 600	–	826 600
Dispute Tribunal	–	–	2 038 200	–	2 038 200
Strengthening of the Administrative Law Section in the Office of Human Resources Management	–	–	518 900	–	518 900
Reconstruction of ECLAC premises[f]	–	–	5 522 900	–	5 522 900
Total	**8 783 400**	**11 320 100**	**8 906 600**	**–**	**29 010 100**

[a] The requirements have been funded through the utilization of savings under various programme budget sections.

[b] No use of the limited budgetary discretion was made in 2006 (see A/64/562, para. 8).

[c] See A/64/562, para. 9.

[d] See A/64/545, para. 28, and General Assembly resolution 63/262, sect. II, paras. 18-20.

[e] See A/66/578, paras. 37-45.

[f] Does not reflect insurance reimbursements of $1,785,000 that were redistributed back to releasing sections.

IV. Criteria used by the Secretary-General to define the evolving needs of the Organization

20. On the basis of an analysis of the experience gained during the bienniums 2006-2007, 2008-2009 and 2010-2011, and in line with the nine principles detailed in section III, paragraph 8, of General Assembly resolution 60/283 (see para. 11 above), the refined criteria used to define the evolving needs of the Organization in the context of limited budgetary discretion are the following:

(a) Requirements to overcome unforeseen obstacles to fully implement existing mandates;

(b) Requirements following natural or man-made disasters and crises to enable the resumption of operations in a safe and secure environment;

(c) The requirements included in (a) and (b) above cannot be funded within the respective budget section;

(d) The requirements are of a one-time nature (specific to the current biennium). If the requirements are of a continuing nature and would continue into a subsequent biennium, provisions would initially be made under the discretionary authority and the continuing costs regularized in budgetary proposals for subsequent periods.

21. In the event that a proposed activity falls within the principles set by the General Assembly in section II of its resolution 60/283 (detailed in para. 11 above), and the updated criteria established by the Secretary-General (see para. 20 above) to define evolving needs, a detailed review of the overall post and non-post expenditure performance is undertaken to determine whether the funds can be released through the discretionary mechanism to support the activity. The condition for use of the discretionary authority would be a projection of underexpenditure for the respective biennium. Funds are only redeployed from those sections that project underexpenditure due to higher than budgeted vacancy rates, or other reductions in planned requirements, while fully implementing the respective mandates.

V. Conclusions and recommendations

22. On the basis of an analysis of the experience gained during the bienniums 2006-2007, 2008-2009 and 2010-2011, the Secretary-General has concluded that there is value in the limited budgetary discretion mechanism. Experience has shown that the mechanism has been particularly beneficial to the Organization in attaining its mandated programmes and activities, as well as in ensuring the safety of personnel, by addressing the requirements reflected in paragraph 13 of the present report.

23. Although no recourse was made to the discretionary authority in the bienniums 2012-2013 and 2014-2015, the Secretary-General still sees merit in continuing the discretionary authority as it may well again be an opportune or a necessary option to fund requirements included in paragraph 20 (a) to (d) above. The Secretary-General therefore proposes no changes to the limited budgetary discretionary mechanism under the terms of section III of General Assembly resolution 60/283. The Secretary-General will continue to assess the implementation of the discretionary authority mechanism during the biennium 2016-2017.

VI. Action to be taken by the General Assembly

24. **The General Assembly is requested:**

(a) To take note of the present report;

(b) To approve the continuation of the limited discretionary mechanism in the biennium 2016-2017 under the current arrangements, as set out in section III of resolution 60/283.

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Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Budget for the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, for the biennium 2016-2017

Report of the Secretary-General

Summary

The present report contains the resource requirements for the biennium 2016-2017 of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991.

The proposed resources for the biennium 2016-2017 before recosting amount to $113,609,500 (gross). After adjustment for other income, the proposed resources amount to $113,429,500 gross, or $101,180,500 net of staff assessment, and reflect a decrease in real terms of $87,730,800 gross (or 43.6 per cent), $87,625,300 after other income (or 43.6 per cent) and $77,893,700 net of staff assessment (or 43.5 per cent), compared with the 2014-2015 resources at revised rates.

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I. Introduction

1. The terms of reference of the International Tribunal for the Former Yugoslavia were established by the Security Council in its resolution 808 (1993). The statute of the Tribunal, adopted by the Security Council in its resolution 827 (1993), provides in article 11 that the Tribunal shall consist of three organs, namely, the Chambers, the Prosecutor and the Registry. The activities for which the Tribunal is responsible are also set out in the statute.

2. The Security Council, in its resolution 1329 (2000), expressed its continuing conviction that the prosecution of persons responsible for serious violations of international humanitarian law in the territory of the former Yugoslavia contributed to the restoration and maintenance of peace in the former Yugoslavia.

3. In its resolution 1966 (2010), the Security Council decided to establish the International Residual Mechanism for Criminal Tribunals, with two branches, one in Arusha and one in The Hague. In accordance with the resolution, the Mechanism is the legal successor to the Tribunal and its sister Tribunal, the International Criminal Tribunal for Rwanda. As such, the Mechanism will have responsibility for the residual substantive functions of the tribunals, as well as responsibility for the records and archives transferred.

4. The proposed budget of the Tribunal for the biennium 2016-2017, which is expected to be the last of the Tribunal's budgets, has been formulated taking into account: (a) the completion of all remaining judicial proceedings within the jurisdiction of the Tribunal; (b) the continuing and progressive transfer of all functions, both substantive and administrative, to the Mechanism; and (c) the preparation and transfer of records and archives to the Mechanism in support of the Tribunal's legacy. The completion of these objectives will signal the fulfilment of its mandate and the closure of the Tribunal.

5. In terms of judicial proceedings at trial, at the time of reporting, there were four cases in trial proceedings, namely, *Šešelj*, *Karadžić*, *Mladić* and *Hadžić*. The trials in the *Karadžić* and *Šešelj* cases are both scheduled to be completed by December 2015. The trials in the remaining two cases (*Hadžić* and *Mladić*) are expected to be completed by October 2016 and November 2017, respectively. Following the conclusion of the trial in the *Mladić* case, the Tribunal will have completed proceedings in respect of all 161 persons indicted by the Prosecutor.

6. With respect to proceedings stemming from appeals from judgement for the International Tribunal for Yugoslavia, at the time of reporting, judgements had been delivered in two cases (*Popović et al.* and *Tolimir*), with another one (*Stanišić and Šimatović*) expected to be delivered before the end of 2015. Judgements in the final two appeals proceedings (*Stanišić and Župljanin* and *Prlić et al.*) are projected to be completed in June 2016 and November 2017, respectively. The joint Appeals Chamber also anticipates the completion of one appeal for the International Criminal Tribunal for Rwanda, namely, the *Nyiramasuhuko et al.* (Butare) case, in November 2015.

7. In line with the methodology used in previous submissions, the trial and appeal timelines have been used as the primary basis for determining the resource requirements for the biennium 2016-2017. A number of external factors beyond the Tribunal's control could have a major impact on the anticipated completion dates of

the proceedings. Should the actual schedule vary significantly from that used for the formulation of the present budget proposal, the requirements would have to be reassessed and realigned and any additional requirements would be brought to the attention of the General Assembly.

8. In terms of transition to the Mechanism, all substantive judicial functions mandated under Security Council resolution 1966 (2010) have been successfully transferred. Although strides have been taken during the biennium 2014-2015 to establish an independent administrative capacity, the Mechanism has continued to rely on the two Tribunals for support and provision of essential services. While the movement towards administrative autonomy will continue, completing at the close of 2017, the Tribunal will continue to collaborate with the Mechanism throughout the biennium in areas where economies of scale can be obtained.

9. In the light of the challenges experienced in terms of retaining qualified staff, the Tribunal will continue to support special retention measures, including those aimed at career transition and at meeting staff development and training needs. In recent bienniums, the Registry successfully implemented, in partnership with staff representatives, a procedure to be used for the extension of contracts in the context of the downsizing exercise. The experience gained thus far in implementing that procedure has been very positive, and the Tribunal intends to continue to apply it during the biennium 2016-2017.

10. The proposed resources for the biennium 2016-2017 before recosting for the International Tribunal for the Former Yugoslavia amount to $113,609,500 (gross). After adjustment for other income, the proposed resources amount to $113,429,500 gross, or $101,180,500 net of staff assessment, reflecting a net decrease in real terms of $87,730,800 gross (or 43.6 per cent), $87,625,300 after other income (or 43.6 per cent) and $77,893,700 net of staff assessment (or 43.5 per cent), compared with the 2014-2015 resources at revised rates. The decrease (see table 2) reflects reductions under the Chambers ($2,420,700), the Office of the Prosecutor ($21,847,000) and the Registry ($63,463,100), owing mainly to the reduction in trial and appeal activity during the biennium 2016-2017.

11. For the biennium 2016-2017, the International Tribunal for the Former Yugoslavia proposes the retention of 328 temporary posts until December 2016 and 97 temporary posts thereafter. It is proposed that 282 posts, or 74.4 per cent (125 Professional, 100 General Service and 57 Security Service), be gradually abolished during the biennium. It is proposed that 51 posts be abolished as at 1 January 2016 and that 231 posts be abolished as at 1 January 2017, as reflected in table 3, but that their related funding be provided through general temporary assistance for the number of months for which the functions of the posts are actually needed, as reflected in table 5. During the biennium 2014-2015, a total of 167 posts were abolished but funding was provided through general temporary assistance to enable the functions of the posts to be maintained. In view of the slippage in the trial schedule, the functions of some of the abolished posts needed to be maintained for a longer period than originally anticipated. As at 31 December 2015, the equivalent of 23 positions will be funded under general temporary assistance and all these positions will be gradually reduced during the biennium, as reflected in table 4.

12. The recosting of the proposed budgetary provisions contained in the present report is in line with the standard regular budget recosting methodology.

13. In accordance with staff regulation 6.2, the Tribunal provides its employees who have met certain eligibility requirements with medical and dental coverage after they retire through the after-service health insurance programme in the United Nations. Since the establishment of the Tribunal as a temporary body, after-service health insurance benefits payable to former staff have been provided for in the biennial budget of the Tribunal under common staff costs but the liabilities pertaining to such insurance have been accruing and have remained unfunded. These liabilities have now been duly recognized and reflected in the financial statements, in accordance with General Assembly resolution 60/255. The after-service health insurance liabilities of future benefits as at 31 December 2014 for the Tribunal are estimated to be $36.7 million. In its report of 4 December 2009 (A/64/555), the Advisory Committee on Administrative and Budgetary Questions reiterated that, in view of the limited mandates of the Tribunals, the Assembly would need to address the long-term after-service health insurance liabilities of the Tribunals in the context of the final performance reports.

14. In addition, the permanent judges of the Tribunal are eligible to retirement benefits in accordance with the conditions of services and compensation governing the judges of the Tribunals. At present, pension benefits payable to former judges are provided for in the biennial budget of the Tribunal. The pension benefits payable to former judges as at 31 December 2014 for the Tribunal are estimated to be $29.2 million. In its report (A/64/555), the Advisory Committee recommended that the liabilities for future payments of pensions to judges and surviving spouses be addressed in the final budget submissions and performance reports of the Tribunals.

15. The recommendations of the Advisory Committee were endorsed by the General Assembly in its resolution 64/240. Accordingly, the question of liabilities for the Tribunal will be addressed in the final budget and performance report of the Tribunal.

16. Extrabudgetary resources for the biennium 2016-2017, which are estimated at $997,900, will be utilized for a variety of activities related to supporting the work of the Office of the Prosecutor and the Registry. The estimated level of extrabudgetary resources reflects a decrease of $262,000 as a result of the completion of several projects.

Table 1
Percentage distribution of resources by component

Component	*Regular budget*	*Extrabudgetary*
1. Chambers	7.4	–
2. Office of the Prosecutor	16.7	51.8
3. Registry	75.9	48.2
4. Records management and archives	–	–
Total	**100.0**	**100.0**

Table 2
Resource requirements by component
(Thousands of United States dollars)

(1) *Assessed budget*

Component	*2012-2013 expenditure*	*2014-2015 resources at revised rates*	*Resource growth*		*Total before recosting*	*Recosting*	*2016-2017 estimate*
			Amount	*Percentage*			
1. Chambers	12 911.8	10 763.5	(2 420.7)	(22.5)	8 342.8	(10.6)	8 332.2
2. Office of the Prosecutor	52 031.9	40 837.8	(21 847.0)	(53.5)	18 990.8	(164.4)	18 826.4
3. Registry	175 527.7	149 739.0	(63 463.1)	(42.4)	86 275.9	(335.8)	85 940.1
4. Records management and archives	974.3	–	–	–	–	–	–
Total (gross)	**241 445.7**	**201 340.3**	**(87 730.8)**	**(43.6)**	**113 609.5**	**(510.8)**	**113 098.7**
Income							
A. Other income	299.5	285.5	(105.5)	(37.0)	180.0	–	180.0
Net resource requirements after other income (gross)	**241 146.2**	**201 054.8**	**(87 625.3)**	**(43.6)**	**113 429.5**	**(510.8)**	**112 918.7**
B. Income from staff assessment	31 174.1	21 980.6	(9 731.6)	(44.3)	12 249.0	(6.7)	12 242.3
Total (net of staff assessment)	**209 972.1**	**179 074.2**	**(77 893.7)**	**(43.5)**	**101 180.5**	**(504.1)**	**100 676.4**

(2) *Extrabudgetary*

	2012-2013 expenditure	*2014-2015 estimate*	*2016-2017 estimate*
Activities	2 078.6	1 259.9	997.9
Total (1) and (2)	**212 050.7**	**180 334.1**	**101 674.3**

Table 3
Temporary post requirements

Category	*2015*	*Proposed reduction*		*Extrabudgetary*		*Total*	
		1 January 2016	*1 January 2017*	*2014-2015*	*2016-2017*	*2016*	*2017*
Professional and higher							
USG	1	–	–	–	–	1	1
ASG	1	–	–	–	–	1	1
D-2	–	–	–	–	–	–	–
P-4	3	–	(1)	–	–	3	2
P-5	15	(2)	(6)	–	–	13	7

Category	2015	Proposed reduction 1 January 2016	Proposed reduction 1 January 2017	Extrabudgetary 2014-2015	Extrabudgetary 2016-2017	Total 2016	Total 2017
P-4/3	108	(17)	(67)	–	–	91	24
P-2/1	35	(8)	(24)	–	–	27	3
Subtotal	**163**	**(27)**	**(98)**	**–**	**–**	**136**	**38**
General Service							
Principal level	10	–	(4)	–	–	10	6
Other level	149	(18)	(78)	–	–	131	53
Subtotal	**159**	**(18)**	**(82)**	**–**	**–**	**141**	**59**
Other							
Security Service	57	(6)	(51)	–	–	51	–
Subtotal	**57**	**(6)**	**(51)**	**–**	**–**	**51**	**–**
Total	**379**	**(51)**	**(231)**	**–**	**–**	**328**	**97**

Abbreviations: USG, Under-Secretary-General; ASG, Assistant Secretary-General.

Table 4

General temporary assistance positions in lieu of some of the temporary posts abolished during the biennium 2014-2015 that continue in 2016-2017

Category	31 December 2015	January-February 2016	March-June 2016	July 2016	August-October 2016	November-December 2016	January-November 2017	December 2017
Professional and higher								
D-1	1	1	1	1	1	1	1	1
P-5	3	3	3	1	1	–	–	–
P-4/3	10	10	6	2	2	1	–	–
P-2/1	9	9	8	1	1	1	–	–
Subtotal	**23**	**23**	**18**	**5**	**5**	**3**	**1**	**1**
General Service								
Other level	–	–	–	–	–	–	–	–
Subtotal	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other								
Security Service	–	–	–	–	–	–	–	–
Subtotal	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**23**	**23**	**18**	**5**	**5**	**3**	**1**	**1**

Table 5
General temporary assistance positions in lieu of some of the temporary posts abolished during the biennium 2016-2017

Category	*31 December 2015*	*January-March 2016*	*April-June 2016*	*July-October 2016*	*November-December 2016*	*January-February 2017*	*March-April 2017*	*May-June 2017*	*July-November 2017*	*December 2017*
Professional and higher										
P-5	–	1	1	1	–	6	6	5	5	–
P-4/3	–	7	7	7	–	47	41	18	16	–
P-2/1	–	4	4	2	–	21	21	18	18	–
Subtotal	**–**	**12**	**12**	**10**	**–**	**74**	**68**	**41**	**39**	**–**
General Service										
Principal level	–	–	–	–	–	2	2	2	–	–
Other level	–	10	10	9	–	48	47	28	15	–
Subtotal	**–**	**10**	**10**	**9**	**–**	**50**	**49**	**30**	**15**	**–**
Other										
Security Service	–	4	–	–	–	3	3	–	–	–
Subtotal	**–**	**4**	**–**	**–**	**–**	**3**	**3**	**–**	**–**	**–**
Total	**–**	**26**	**22**	**19**	**–**	**127**	**120**	**71**	**54**	**–**

II. Programme of work and resource requirements

A. Chambers

17. The Chambers represent the judicial organ of the Tribunal and include both the judges and the legal staff supporting them. The core activity of the judges is fairly and expeditiously determining the criminal responsibility of persons accused of serious violations of international humanitarian law committed in the territory of the former Yugoslavia since 1991, while the core legal support activity is facilitating these determinations through the expeditious preparation of draft judgements, decisions and orders. Both judges and legal support staff have important additional activities, such as those related to archiving responsibilities.

18. The main objective of the Chambers for the biennium 2016-2017 is to expeditiously conclude trial proceedings in the two cases of *Hadžić* and *Mladić* and appeal proceedings in the two cases of *Stanišić and Župljanin* and *Prlić et al.* At the beginning of the next biennium, the judicial activity will be conducted by 11 judges, and this number will be reduced over time to only the 8 judges required for concluding the final trial (*Mladić*) and appeal (*Prlić et al.*).

19. The *Hadžić* trial is currently on an extended hiatus owing to the health of the accused, yet it is projected that proceedings will conclude with delivery of judgement in October 2016. The *Mladić* trial is in the defence case-in-chief (subject to a limited reopening of the prosecution case in summer 2015) and is expected to

remain so into 2016, with delivery of judgement projected in November 2017. The *Mladić* trial has produced a larger amount of evidence than expected, and the projected judgement drafting period is relatively truncated. It is therefore essential, in meeting the projected case length, to hedge against inevitable attrition during the biennium by bolstering the number of assigned staff. To expedite the proceedings in these cases, where the health of the accused permits, the trial Chambers will hold extended sitting hours or increase the number of hearings. Any appeal from judgement in these cases will fall under the purview of the Mechanism, pursuant to Security Council resolution 1966 (2010).

20. The *Stanišić and Župljanin* appeal is expected to hold its hearing of the appellant parties in October 2015, followed by deliberations and judgement drafting and concluding by delivery of judgement in June 2016. The *Prlić et al.* appeal briefing process ended in May 2015, and it is anticipated that the hearing of the appellant parties will be held in February 2017, followed by deliberations and judgement drafting and concluding with delivery of judgement in November 2017. The *Prlić et al.* appeal, which arises from the longest trial proceedings and the most voluminous trial judgement in the history of the Tribunal, consists of seven appellant parties and an unexpectedly far larger number of grounds of appeal set forth in the briefs than any previous appellate case in the Tribunal's history. Therefore, a bolstering of the legal support staff is essential to meet its projected case length.

21. The Trial and Appeal Scheduling Working Group, chaired by the Vice-President of the Tribunal, will continue to monitor the progress of trials and appeals and to be a key advisory tool for the completion strategy. Measures aimed at expediting appeals adopted pursuant to the recommendation of the Working Group on Speeding Up Appeals, along with new measures recommended in the report of the reconstituted Working Group, have been and will continue to be applied.

22. The Office of the President will continue to provide legal, policy, logistical and administrative support to the President of the Tribunal in the exercise of his or her functions. The President is the highest authority of the Tribunal, acting as its institutional head. He or she is responsible for the overall execution of the mission of the Tribunal and for representing the Tribunal before its parent body, the Security Council, and the General Assembly, including through the submission of reports to the Security Council and the General Assembly pursuant to article 34 of the statute and paragraph 6 of Security Council resolution 1534 (2004). The President performs representational functions vis-à-vis heads of mission, embassies of Member States, the Secretary-General and other interlocutors.

23. Pursuant to rule 19 of the rules of procedure and evidence, the President of the Tribunal also coordinates the work of Chambers, supervises the activities of the Registry and exercises all other functions conferred on him or her by the statute and the rules of procedure and evidence. These functions can be divided into three categories:

(a) Judicial functions: pursuant to article 14 (2) of the statute, the President of the Tribunal is the presiding judge of the Appeals Chambers of the Tribunal. The President is responsible for notifying the Security Council of failures to comply with an obligation under the statute and coordinating the work of the Chambers;

(b) Internal functions: pursuant to rule 23 bis of the rules of procedure and evidence, the President of the Tribunal is the Chair of the Coordination Council responsible for ensuring the coordination of the activities of the three organs of the Tribunal. Pursuant to rule 23, the President of the Tribunal is the Chair of the Bureau and is responsible for reviewing all major matters arising from the functioning of the Tribunal. The President also chairs the plenary meetings of the Tribunal, during which the judges adopt and amend the rules of procedure and evidence and decide upon matters relating to the internal functioning of the Chambers and the Tribunal;

(c) Quasi-judicial functions: pursuant to rule 19 of the rules of procedure and evidence, the Registrar exercises his or her functions under the supervision of the President, and the President exercises a power of administrative review over administrative decisions of the Registrar, including over decisions of the Registrar pursuant to the Rules of Detention. The President may also issue practice directions in consultation with the Bureau, the Registrar and the Prosecutor.

24. Following the commencement of operations of The Hague branch of the Mechanism on 1 July 2013, responsibility for a number of functions previously undertaken by the President of the Tribunal (such as the supervision of the enforcement of sentences handed down by the Tribunal, decisions on pardon or commutation of sentences and the assignment of judges to judicial work that has been transferred to the Mechanism) has been assumed by the President of the Mechanism.

25. During the biennium 2016-2017, a matter of primary importance for the Office of the President will be to continue to carry forward the completion strategy initiated by the Tribunal and endorsed by the Security Council.

Outputs

26. During the biennium 2016-2017, the following outputs will be delivered:

(a) Courtroom activities: witness testimony, other hearings regarding evidence, hearings on procedural matters, closing arguments, status conferences, appeals hearing and delivery of judgements;

(b) Orders and decisions relating to, inter alia, assignment of new applications, motions during trial and appeal, applications for additional evidence, interlocutory appeals and requests for the variation of protective measures;

(c) Judgements on the merits in relation to trials and appeals;

(d) Transfer of records to the Mechanism;

(e) Review of the rules of procedure and evidence, the practice directions and the Rules of Detention and the proposal of amendments to the statute of the Tribunal to the Security Council;

(f) Reviews of decisions of the Registrar;

(g) Reports of the President to the Security Council, as requested by a trial chamber or the Prosecutor, on non-compliance by States with orders of the Tribunal;

(h) Annual reports to the General Assembly and semi-annual reports to the Security Council;

(i) Supervision of the activities of the Registry and coordination of the work of the Chambers by the President;

(j) Decisions relating to the conditions of detention;

(k) Meetings of the Coordination Council and the Bureau, and plenary meetings of judges;

(l) Press releases on matters of importance to the Tribunal as a whole;

(m) Special events: the hosting of visiting dignitaries, usually at the level of ambassador or minister for foreign affairs, and Heads of State; establishing and maintaining high-level contacts with Governments of Member States to facilitate and improve cooperation with the Tribunal; speeches and other public appearances on behalf of the Tribunal;

(n) Participation in exchanges of information with judges in the region, including in peer-to-peer exchanges, outreach and legacy activities, and provision of assistance in trials of alleged war criminals by regional courts;

(o) Relations with non-governmental organizations, researchers and other interlocutors outside the Tribunal;

(p) Participation in activities within the United Nations system: annual statement by the President to the General Assembly, semi-annual statement by the President to the Security Council, participation in meetings concerning the role of the Tribunal within the United Nations system, cooperation with the Mechanism and participation in discussions with and concerning other international judicial entities.

Table 6
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2014-2015*	*2016-2017 (before recosting)*	*2014-2015*	*2016-2017*
Assessed budget				
Non-post	10 763.5	8 342.8	–	–
Total	**10 763.5**	**8 342.8**	**–**	**–**

27. The amount of $8,342,800, reflecting a net decrease of $2,420,700 compared with the biennium 2014-2015, comprises non-post requirements, as follows: (a) $8,179,200 to provide compensation for five permanent trial judges, five permanent appeals judges and one ad litem judge based on 203 work-months; (b) $22,000 for the engagement of consultants to provide expertise not available in-house to undertake three specialized legal briefs per year; and (c) $141,600 for the travel of the President and Vice-President of the Tribunal to Headquarters in New York and to central and western Europe, and of 11 judges to the Judges Seminar.

28. The net decrease of $2,420,700 is attributable mainly to the gradual departure of permanent and ad litem judges following the completion of trials and appeals during the biennium 2016-2017 and reduced requirements under consultants and travel, offset in part by increases under: (a) common costs, owing to the increased cost of separation as judges are leaving the Tribunal; and (b) pensions of former

judges, owing to an increased number of retired judges and the payment of a one-time lump sum to ad litem judges approved by the General Assembly in its resolution 65/258.

B. Office of the Prosecutor

29. The Office of the Prosecutor is mandated to prosecute persons responsible for serious violations of international humanitarian law committed in the territory of the former Yugoslavia since 1991. The role and responsibilities of the Prosecutor consist of the prosecution of the crimes listed in articles 2, 3, 4 and 5 of the statute of the International Criminal Tribunal for the Former Yugoslavia. The Prosecutor is responsible for the collection of evidence establishing the commission of these crimes and the presentation of charges and evidence against them before the Chambers of the Tribunal.

30. For the Office of the Prosecutor, the biennium 2014-2015 was a period of intense activity marked by continued commitment to completing trials and appeals effectively in order to meet the goals of the completion strategy. In December 2004, the Office met the first milestone of the completion strategy by issuing its final indictments.

31. To implement the Tribunal's completion strategy, the Office of the Prosecutor focused on transferring cases of intermediate and lower-rank accused to the former Yugoslavia by sending investigation files/dossiers to national jurisdictions (category II cases). All investigative files/dossiers have now been transferred to the region, and no further transfers will take place. However, assistance has been and continues to be provided to the prosecutors in the region in the further investigation and prosecution of these files/dossiers. At the time of reporting, there were six outstanding category II cases, involving a total of 12 suspects.

32. During the biennium 2014-2015, the Office of the Prosecutor took measures to expedite its work and increase efficiency. To improve judicial efficiency and expedite trials, the Office merged related indictments, whenever possible, and ran trials with more than three accused.

33. During the biennium 2016-2017, in the context of the Tribunal's completion strategy, the activities of the Office of the Prosecutor will be based on the following two important priorities:

(a) Completion of trials and appeals:

(i) During the biennium 2016-2017, the Office of the Prosecutor will be fully engaged in completing the last of the remaining two trials: that of Goran Hadžić and that of Ratko Mladić, which are expected to finish in October 2016 and November 2017, respectively. Appellate work will continue into 2016 and 2017. It is projected that in the biennium 2016-2017, there will be two appeals, involving a total of eight persons: *Prlić et al.* (six convicted persons) and *Stanišić and Župljanin* (two convicted persons);

(ii) To keep up the pace and schedule of the Chambers' work and to fulfil the goals of the completion strategy, it is proposed that the Office of the Prosecutor maintain an adequate level of resources. To support the ongoing trials and appeals, the Office will require the maintenance of a sufficient

number of trial/appeal attorneys, assisted by a core investigative capacity (including investigators, researchers, analysts and trial support staff) dedicated to completing trials and appeals. The estimates for the biennium 2016-2017, which are based on the Chambers' scheduling projections, take into account a decrease in general temporary staff commensurate with the reduced trial and appeal workload;

(iii) As in the previous biennium, resources for the Office of the Prosecutor will be allocated in accordance with a workplan that sets out the requirements for the cases in 2016 and 2017. The plan foresees adequate allocation of resources, including attorneys, investigators, analysts, researchers and trial support staff, to all cases. To facilitate this review, cases have been divided according to their level of complexity;

(iv) In line with the Tribunal's completion strategy, the Office of the Prosecutor will continue to take measures aimed at reducing the length of trials and appeals. Furthermore, taking into account the fairness of the judicial process, the Office will insist on taking measures to increase judicial efficiency. The Office will insist on putting forward proposals to the Rules Committee of the Tribunal, headed by the judges, which formulates proposals to the Plenary of Judges, which can amend the Rules of Procedure and Evidence of the Tribunal;

(v) To increase efficiency and effectively support the trials and appeals, the Office of the Prosecutor has undergone restructuring and organizational changes over the past three bienniums. One such change was that investigators, analysts, researchers and other trial/appeal support staff work directly on specific cases, under the leadership of a senior trial attorney/senior appeals counsel. The positions of Chief of Prosecutions (D-1) and the Deputy Prosecutor (D-2) were abolished, and a more streamlined structure was put in place to reflect the emphasis on the prosecutorial aspect of the work of the Office. Investigating staff members still have a crucial role to play and will be directly available to assist the legal staff working on the trial and appeal. These measures have improved internal efficiencies and have enhanced the work product of the Office;

(vi) The reorganization of the Office of the Prosecutor also included positioning the field office operations under the direct supervision of the Immediate Office of the Prosecutor. This measure improved coordination in matters of cooperation with the States of the former Yugoslavia, which include the transfer of cases and the provision of assistance to those States, together with capacity-building efforts;

(b) Legacy: as the date of completion draws near, the Office of the Prosecutor will devote special attention to the legacy of the Tribunal's work. Some of the work product and tools of the Office will need to be preserved. The Immediate Office of the Prosecutor will take the lead in all legacy and transition matters, in coordination with the Registry and the Chambers. The Office of the Prosecutor is currently actively involved in the working groups in relation to archiving and the Mechanism. This activity will continue during the biennium 2016-2017. The Immediate Office has developed a road map for the transition of its documents to the Mechanism Archives and Records Section and the holdings of the Evidence Unit to the Office of the Prosecutor of the Mechanism. The Immediate

Office is also working on the transition of all closed cases that have been heard before the Tribunal to the Office of the Prosecutor of the Mechanism.

Table 7
Objectives for the biennium, expected accomplishments and indicators of achievement and performance measures

Objective: To prosecute in a timely and fair manner persons responsible for serious violations of international humanitarian law and ensure that the requirements of the Security Council are fulfilled with regard to the implementation of the completion strategy and to position the Office of the Prosecutor for the transfer of criminal cases against persons to the national courts of the former Yugoslavia

Expected accomplishments	*Indicators of achievement*
(a) Effective management and implementation of the completion strategy	Number of first-instance trials completed during the biennium
	Performance measures
	2012-2013: 6
	Estimate 2014-2015: 2
	Target 2016-2017: 2
(b) Effective provision of assistance to national judicial systems in the former Yugoslavia	Number of requests for assistance from national jurisdictions processed and replied to
	Performance measures
	2012-2013: 480
	Estimate 2014-2015: 150
	Target 2016-2017: 50
(c) Efficient utilization of trial and appeal support resources	(i) Number of ongoing trials
	Performance measures
	2012-2013: 9
	Estimate 2014-2015: 4
	Target 2016-2017: 2
	(ii) Number of accused in appeals on the merit proceedings completed during the biennium
	Performance measures
	2012-2013: 11
	Estimate 2014-2015: 14
	Target 2016-2017: 8

External factors

34. The Office of the Prosecutor is expected to meet its objectives and expected accomplishments on the assumption that: (a) there is normal functioning of judiciaries in the States of the former Yugoslavia, including the War Crimes Chamber of the Court of Bosnia and Herzegovina, so that cases may be tried at the domestic level; and (b) there are no delays in the proceedings for reasons beyond the Tribunal's control, such as illness of the accused, the unforeseen disclosure of material, requests for the replacement of defence counsel, requests for the review of cases already tried, other motions affecting the proceedings and the availability of witnesses to certify statements and provide testimony.

Outputs

35. During the biennium, the following outputs will be delivered:

(a) Prosecution: witness statements, expert witness statements, summaries of witness interviews, witness schedules and protective measures for witnesses; reports of on-site investigations; reports on military and civilian political structures and events and on missions; collection of evidence; reports generated through computer searches of collected evidence for documents relevant to trials and appeals and reports generated by computer searches for purposes of disclosure under various rules; demographic reports and maps; responses to requests for assistance; unofficial translations and English summaries of documents written in Bosnian, Croatian or Serbian; and limited project-based exhumation work;

(b) Outputs related to trial and appeal: filings related to the prosecution of cases and appeals, including amended indictments, motions, responses to defence motions, witness statements, closing briefs, sentencing briefs, appeals on the merits, interlocutory appeals, miscellaneous applications for orders from judges or trial chambers, including applications for subpoenas, search warrants, the detention of suspects and the transmission of arrest warrants; court exhibits; training courses including induction, legal issues and advocacy; and legal opinions on issues of international law;

(c) Information management: indexes of evidentiary material and information sources, including witness statements, videotapes and audiotapes, intelligence material submitted under rule 70, and press and other relevant freely accessible material; custody, control and storage of material submitted under chain-of-custody procedures, including decontamination and preservation; software systems and modifications to computer systems, and database applications for the Office of the Prosecutor, including the Electronic Disclosure System, CaseMap, Sanction and e-Court software packages; and training courses for all staff;

(d) Provision of support after the transfer of cases to the States of the former Yugoslavia: support for local officials regarding the transfer of dossiers, the review of requests and the preparation of answers; the exchange of knowledge with domestic prosecution authorities; and the exchange of know-how and training;

(e) Legacy issues: engaging in coordination with the Registry and the Chambers in the preparation of the files and electronic data to be preserved and form part of the Tribunal's legacy and transition;

(f) Management: policy papers and directives, guidelines related to legal practice, annual reports, funding proposals, reports on activities of States relevant to cooperation; and press releases, speeches, statements and briefings.

Table 8
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2014-2015*	*2016-2017 (before recosting)*	*2014-2015*	*2016-2017*
Assessed budget				
Post	24 512.4	9 269.7	82	7
Non-post	10 740.6	7 276.9	–	–
Staff assessment	5 584.8	2 444.2	–	–
Subtotal	**40 837.8**	**18 990.8**	**82**	**7**
Extrabudgetary	605.1	516.9	–	–
Total	**41 442.9**	**19 507.7**	**82**	**7**

Table 9
Temporary post requirements

		Proposed reduction		*Extrabudgetary*		*Total*	
Category	*2015*	*1 January 2016*	*1 January 2017*	*2014-2015*	*2016-2017*	*2016*	*2017*
Professional and higher							
USG	1	–	–			1	1
P-5	7	(2)	(4)			5	1
P-4/3	37	(7)	(27)			30	3
P-2/1	6	–	(6)			6	–
Subtotal	**51**	**(9)**	**(37)**			**42**	**5**
General Service							
Other level	31	(10)	(19)			21	2
Subtotal	**31**	**(10)**	**(19)**			**21**	**2**
Total	**82**	**(19)**	**(56)**			**63**	**7**

Abbreviation: USG, Under-Secretary-General.

Table 10
General temporary assistance positions in lieu of some of the temporary posts abolished during the biennium 2014-2015 that continue in 2016-2017

Category	*31 December 2015*	*January-February 2016*	*March-June 2016*	*July-December 2016*	*January-December 2017*
Professional and higher					
D-1	1	1	1	1	1
P-5	1	1	1	–	–
P-4/3	5	5	1	–	–
P-2/1	1	1	–	–	–
Subtotal	**8**	**8**	**3**	**1**	**1**
General Service					
Other level	–	–	–	–	–
Subtotal	**–**	**–**	**–**	**–**	**–**
Total	**8**	**8**	**3**	**1**	**1**

Table 11
General temporary assistance positions in lieu of some of the temporary posts abolished during the biennium 2016-2017

Category	*31 December 2015*	*January-October 2016*	*November-December 2016*	*January-February 2017*	*March-April 2017*	*May-June 2017*	*July-November 2017*	*December 2017*
Professional and higher								
P-5	–	1	–	4	4	3	3	–
P-4/3	–	4	–	23	17	5	5	–
P-2/1	–	–	–	5	5	4	4	–
Subtotal	**–**	**5**	**–**	**32**	**26**	**12**	**12**	**–**
General Service								
Other level	–	5	–	12	11	8	5	–
Subtotal	**–**	**5**	**–**	**12**	**11**	**8**	**5**	**–**
Total	**–**	**10**	**–**	**44**	**37**	**20**	**17**	**–**

36. Resources under posts and staff assessment in the amounts of $9,269,700 and $2,444,200, respectively, would provide for the continuation of 63 temporary posts in 2016 and 7 temporary posts in 2017 during the biennium 2016-2017. The reductions under posts ($15,242,700) and staff assessment ($3,140,600) are attributable to the abolishment of 75 temporary posts during the biennium (19 in 2016 and 56 in 2017).

37. Non-post requirements in the amount of $7,276,900, reflecting a decrease of $3,463,700, would provide for general temporary assistance, including peak trial and appeals support, the document translation and indexing project, overtime, expert witnesses and consultants to assist trial and appeals teams during the proceedings, the travel of investigators and prosecutors, and contractual services for the ongoing training of the staff of the Office of the Prosecutor.

38. The provision under general temporary assistance also includes requirements to cover the functions of some of the posts abolished during the biennium 2014-2015 and some of the posts abolished during the biennium 2016-2017 that are still needed during part of the biennium 2016-2017. It is proposed that these requirements be gradually reduced during the biennium, as shown in tables 10 and 11.

39. The decrease of $3,463,700 under non-post requirements reflects reduced requirements under other staff costs ($3,215,700), consultants and experts ($53,500), travel of staff ($186,100) and contractual services ($8,400), owing mainly to the reduction in trial activity during the biennium.

C. Registry

40. The Registry is responsible for the judicial administration of the Tribunal. It is composed of three main organizational units: the Office of the Registrar, the Division of Judicial Support Services and the Division of Administration. For budgetary purposes, the Office of the President and the resident auditors are included under the Registry.

41. For the biennium 2016-2017, the Registry will focus on three principal objectives:

(a) Provision of continued support to trials and appeals, with a priority on ensuring the completion of the Tribunal's mandate before the end of the biennium;

(b) The continued smooth transfer of functions to the Mechanism, ensuring that downsizing is fair and transparent and based on the trial and appeal schedule, and preparations for the closure of the Tribunal and its liquidation;

(c) The transfer of all Tribunal records to the Mechanism.

42. Throughout most of 2016, the Registry will support the undertaking of the trial still in its hearing phase (*Mladić*). In addition, judgements will be delivered, once judgement drafting is complete, in a number of other cases (the *Hadžić* trial, the *Stanišić* and *Župljanin* appeal and the *Prlić* appeal).

43. These cases continue to generate a significant workload for the Division of Judicial Support Services because of the high-profile nature of the accused, ongoing health issues and the number of interlocutory appeals and judicial challenges that are filed. Requests for the replacement of the defence counsel, illness of the accused or counsel and the availability of witnesses to provide testimony and State cooperation all generate activity for the Registry. The Registry, within the scope of its competency, will continue to support the implementation of measures aimed at enhancing efficiency and ensuring the conclusion of the caseload.

44. The reduction of trial activity in the biennium 2016-2017 will again result in a significant downsizing of posts. During the biennium 2014-2015, the various

judicial support services sections within the Registry underwent a major restructuring, merging the Office of Legal Aid and Defence Matters, the Victims and Witnesses Section and the court operations functions of the Court Management Services Section into one section. A number of functions were combined to increase efficiency and ensure flexibility, with remaining staff taking on multiple roles. Similar measures will continue during the biennium 2016-2017, such as the consolidation of all Registry legal support into the Office of the Registrar.

45. As the Registry downsizes, it will continue to play an active role in assisting the Mechanism in developing its policies, procedures and practices. All efforts will be made to transfer best practices and lessons learned to the Mechanism and to capture the institutional knowledge of departing staff members.

46. During the biennium 2016-2017, the Registry will continue to make every effort to ensure the closure of the Tribunal in an efficient and expeditious manner while observing the rights of the accused to due process. To assist this process, the Tribunal has developed a consolidated closure plan, which contains a road map of the major milestones and potential risks envisioned as part of the closure process. The principal elements outlined in the closure plan are: (a) the preparation of the archives for transfer to the Mechanism; (b) the downsizing of staff; (c) the disposal of assets (including transfer to the Mechanism); (d) the finalization of facilities and contract management; and (e) the finalization of financial arrangements. A liquidation task force has been created, and detailed planning is already under way.

47. In the previous two bienniums, the Registry played a critical role in ensuring support for the functions of the Mechanism, which saw the effective start-up of operations of the Arusha branch on 1 July 2012 and The Hague branch on 1 July 2013. While the Registry will still provide some administrative, security and general services support to the Mechanism until the closure of the Tribunal, the Mechanism is now nearing its full strength and will not need as much support from the Tribunal. The two Registries will, however, continue to work on the basis of full cooperation and coordination of their respective functions. This will ensure that operations continue in the most cost-efficient, effective and practical manner possible.

48. Finally, the Tribunal's records are its legacy, and it will be a priority for staff to ensure the orderly and planned transfer of records to the Mechanism. Transfer targets have been in place since 2014, and all section chiefs have been required to include these targets in their workplans. The targets will be increased in the biennium 2016-2017 to ensure that all records are transferred by the time of the closure of the Tribunal.

49. For the biennium 2016-2017, a total of 207 temporary posts will be reduced (32 in 2016 and 175 in 2017), reflecting a reduction of 69.7 per cent against the authorized number of temporary posts of 297 in 2015. The reduction in temporary posts will be implemented in stages throughout the biennium, in line with the completion of trials and appeals and the resulting reduction in workload.

50. In the Division of Administration, the downsizing of posts allowed the Tribunal to schedule the closure of its administration building in The Hague by the end of September 2015, consolidating all Tribunal (and Mechanism) staff in The Hague under one roof.

Table 12
Objectives for the biennium, expected accomplishments, indicators of achievement and performance measures

Objective: The efficient administration and servicing of the Tribunal by the management of judicial, administrative and legal support to Chambers, the Office of the Prosecutor and, in a limited fashion, the defence, in line with the statute of the Tribunal, the rules of procedure and evidence, United Nations regulations and rules and the Tribunal's completion strategy

Expected accomplishments	*Indicators of achievement*
(a) Full and effective support to allow the completion of remaining cases and the full implementation of the completion strategy	Percentage of cases completed by the end of the biennium *Performance measures* 2012-2013: 85 per cent Estimate 2014-2015: 93 per cent Target 2016-2017: 100 per cent
(b) Increased public awareness of the activities of the Tribunal	(i) Number of page views on the website of the Tribunal *Performance measures* 2012-2013: 7.6 million Estimate 2014-2015: 5.5 million Target 2016-2017: 4 million (ii) Number of visitors to the Tribunal's premises (physical visitors) *Performance measures* 2012-2013: 18,312 Estimate 2014-2015: 15,000 Target 2015-2016: 10,000
(c) Provision of timely, legally and factually correct advice on legal and related policy matters	Number of legal submissions in ongoing proceedings pursuant to rule 33 (B) *Performance measures* 2012-2013: 286 Estimate 2014-2015: 343 Target 2016-2017: 175

(d) Effective legal support provided to judges	Number of timely oral and written decisions and judgements *Performance measures* 2012-2013: 1,595 Estimate 2014-2015: 600 Target 2016-2017: 250
(e) Compliance with the Tribunal's legal aid system	Number of cases in which a supplemental payment is required to ensure a fair trial *Performance measures* 2012-2013: 3 cases Estimate 2014-2015: 4 cases Target 2016-2017: 2 cases
(f) All Registry records transferred to the Mechanism prior to the closure of the Tribunal	Percentage of records transferred *Performance measures* 2012-2013: not applicable Estimate 2014-2015: 25 per cent Target 2016-2017: 100 per cent
(g) Timely finalization of monthly financial reports	Time between the end of the month and the issuance of financial reports *Performance measures* 2012-2013: 8 working days Estimate 2014-2015: 8 working days Target 2016-2017: 8 working days

External factors

51. The Registry is expected to meet its objective and expected accomplishments on the assumption that: (a) the States of the former Yugoslavia cooperate in the provision of information and other forms of assistance; (b) there are no delays in the proceedings for reasons beyond the Tribunal's control, such as illness of the accused, the unforeseen disclosure of material, requests for the replacement of defence counsel, requests for the review of cases already tried, other motions affecting the proceedings or the non-availability of witnesses to certify statements and provide testimony; and (c) the turnover rate of the Tribunal's staff remains within acceptable limits.

Outputs

52. During the biennium, the following outputs will be delivered:

(a) Victims and Witnesses Section: provision of safe transportation of witnesses from their residence to The Hague; liaison with States for exit and entry

permits, travel documents, safe-conduct agreements and visas for pretrial and post-trial protection; provision of support services for the temporary and permanent relocation of witnesses; liaison with host Governments for the protection, safe accommodation and transportation of witnesses during trials; and implementation of the Tribunal's policies regarding the payment of entitlements, such as the reimbursement of lost earnings and the clothing allowance;

(b) Defence counsel services: provision of access to legal assistance for suspects and accused persons; review of claims of indigence from suspects and accused persons and assessment of their financial status; and implementation of the directive on the assignment of defence counsel and legal aid practices;

(c) Court management: implementation of procedures relating to the confirmation, amendment or withdrawal of indictments, the issuance of arrest warrants, the addressing of cases of failure to execute a warrant, the appearance of the accused, detention on remand and provisional release, and procedures to obtain depositions; organization and scheduling of trials and other hearings, cases of contempt of court, procedures relating to amici curiae, summoning of witnesses and experts, and judicial recordkeeping; and procedures relating to appellate and review proceedings, pardons and commutations of sentence;

(d) Immediate Office of the Registrar: leading the implementation of Security Council resolution 1966 (2010) on the establishment of the Mechanism; negotiation of international agreements on the enforcement of sentences and relocation of witnesses; liaison with the host country on privileges and immunities of judges and staff; liaison with Member States, international organizations and United Nations Headquarters on matters pertaining to the mandate and funding of the Tribunal; facilitation of requests for assistance from the region of the former Yugoslavia; and drafting of policy papers, directives and guidelines relating to legal practice;

(e) Detention facility management: provision of a secure detention facility for detainees; provision of a remand programme and medical care in accordance with international standards and with the Rules of Detention of the Tribunal; negotiation and cooperation with the host State authorities to ensure that the detention facilities of the Tribunal meet the standards set out in existing agreements and required by non-governmental organizations responsible for monitoring such facilities;

(f) Conference and language support: provision of simultaneous interpretation for all court hearings into and from English, French, Bosnian/Croatian/Serbian and other languages, as required, and consecutive interpretation during interviews with victims and witnesses; translation into and from English, French and Bosnian/Croatian/Serbian for the Registry, the Chambers, the Office of the Prosecutor and the defence; and transcripts of court proceedings in English and French for every hearing in the courtroom and for the plenary meetings of judges;

(g) Publications: publication of various information materials relating to court activity and the broader work of the Tribunal;

(h) Electronic, audio and video issuances: creation of multimedia content distributed through the website; maintenance of social media platforms; production and broadcast (in electronic format) of trial exhibits within the courts; and time-delayed webcasts of Tribunal proceedings in English, French and Bosnian/Croatian/Serbian;

(i) Booklets, pamphlets and fact sheets: publication of regular bulletins on Tribunal activities, including through new media and social media networks;

(j) Press releases and briefings: issuance of press releases and distribution of information to the local, national and international press regarding trial activities;

(k) Library services: provision of library services regarding international and national law relevant to the operations of the Tribunal for the use of judges, staff and defence counsel; and provision of online information services to assist staff, in particular the legal officers and judges, with legal research and greater access to bibliographic information;

(l) Administrative support: processing of financial documents; preparation of the annual performance report; exercise of budgetary control and post management in respect of assessed budget and extrabudgetary resources; formulation of draft administrative responses to external and internal oversight bodies; screening of applications for vacant posts; implementation of staff development and training programmes; arrangement of travel and issuance of tickets and vouchers for judges, staff members, witnesses and other persons; undertaking of property management and inventory control; implementation, operation and maintenance of the information technology infrastructure; purchase and contracting of goods and services; and provision of a safe and secure environment for all VIPs, staff and visitors.

Table 13
Resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2014-2015*	*2016-2017 (before recosting)*	*2014-2015*	*2016-2017*
Assessed budget				
Post	74 062.3	38 612.0	297	90
Non-post	59 280.9	37 859.1	–	–
Staff assessment	16 395.8	9 804.8	–	–
Subtotal	**149 739.0**	**86 275.9**	**297**	**90**
Extrabudgetary	654.8	481.0	–	–
Total	**150 393.8**	**86 756.9**	**297**	**90**

Table 14
Temporary post requirements

		Proposed reduction		*Extrabudgetary*		*Total*	
Category	*2015*	*1 January 2016*	*1 January 2017*	*2014-2015*	*2016-2017*	*2016*	*2017*
Professional and higher							
ASG	1	–	–	–	–	1	1
D-1	3	–	(1)	–	–	3	2
P-5	8	–	(2)	–	–	8	6
P-4/3	71	(10)	(40)	–	–	61	21
P-2/1	29	(8)	(18)	–	–	21	3
Subtotal	**112**	**(18)**	**(61)**	**–**	**–**	**94**	**33**

Category	2015	Proposed reduction 1 January 2016	Proposed reduction 1 January 2017	Extrabudgetary 2014-2015	Extrabudgetary 2016-2017	Total 2016	Total 2017
General Service							
Principal level	10	–	(4)	–	–	10	6
Other level	118	(8)	(59)	–	–	110	51
Subtotal	**128**	**(8)**	**(63)**	**–**	**–**	**120**	**57**
Other							
Security Service	57	(6)	(51)	–	–	51	–
Subtotal	**57**	**(6)**	**(51)**	**–**	**–**	**51**	**–**
Total	**297**	**(32)**	**(175)**	**–**	**–**	**265**	**90**

Abbreviation: ASG, Assistant Secretary-General.

Table 15

General temporary assistance positions in lieu of some of the temporary posts abolished during the biennium 2014-2015 that continue in 2016-2017

Category	31 December 2015	January-June 2016	July-October 2016	November-December 2016	January-November 2017	December 2017
Professional and higher						
P-5	2	2	1	–	–	–
P-4/3	5	5	2	1	–	–
P-2/1	8	8	1	1	–	–
Subtotal	**15**	**15**	**4**	**2**	**–**	**–**
General Service						
Other level	–	–	–	–	–	–
Subtotal	**–**	**–**	**–**	**–**	**–**	**–**
Total	**15**	**15**	**4**	**2**	**–**	**–**

Table 16
General temporary assistance positions in lieu of some of the temporary posts abolished during the biennium 2016-2017

Category	*31 December 2015*	*January-March 2016*	*April-June 2016*	*July-October 2016*	*November-December 2016*	*January-February 2017*	*March-April 2017*	*May-June 2017*	*July-November 2017*	*December 2017*
Professional and higher										
P-5	–	–	–	–	–	2	2	2	2	–
P-4/3	–	3	3	3	–	24	24	13	11	–
P-2/1	–	4	4	2	–	16	16	14	14	–
Subtotal	**–**	**7**	**7**	**5**	**–**	**42**	**42**	**29**	**27**	**–**
General Service										
Principal level	–	–	–	–	–	2	2	2	–	–
Other level	–	5	5	4	–	36	36	20	10	–
Subtotal	**–**	**5**	**5**	**4**	**–**	**38**	**38**	**22**	**10**	**–**
Other										
Security Service	–	4	–	–	–	3	3	–	–	–
Subtotal	**–**	**4**	**–**	**–**	**–**	**3**	**3**	**–**	**–**	**–**
Total	**–**	**16**	**12**	**9**	**–**	**83**	**83**	**51**	**37**	**–**

53. Resources under posts and staff assessment in the amounts of $38,612,000 and $9,804,800, respectively, would provide for the continuation of 265 temporary posts in 2016 and 90 temporary posts in 2017 during the biennium 2016-2017. The reductions under posts ($35,450,300) and staff assessment ($6,591,000) are attributable to the abolishment of 207 temporary posts during the biennium (32 in 2016 and 175 in 2017).

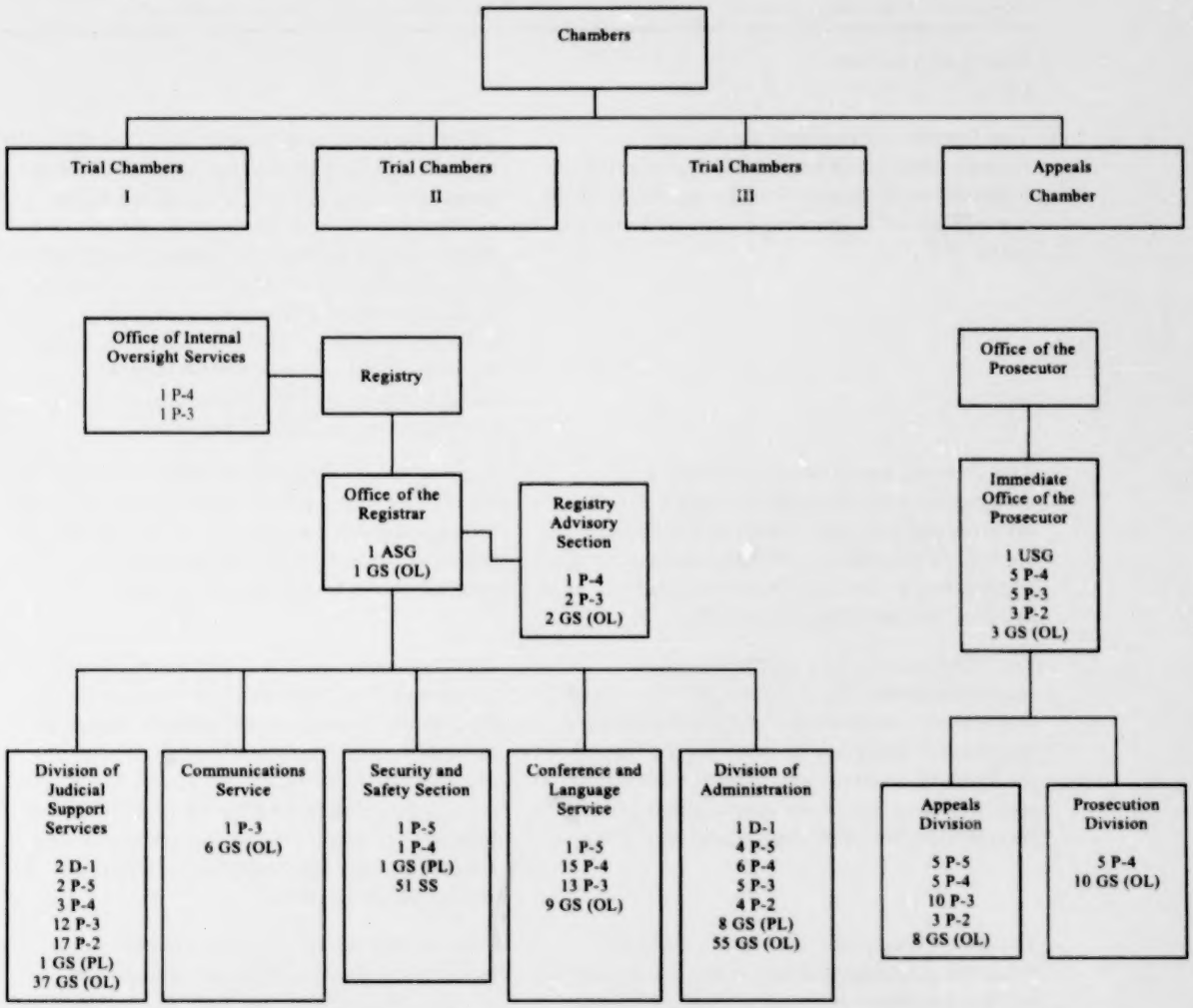
54. Non-post requirements in the amount of $37,859,100, reflecting a decrease of $21,421,800, would provide for general temporary assistance, including translation and interpretation, consultants and experts, the travel of staff, contractual services, including defence counsel and detainee services, general operating expenses, hospitality, supplies and materials, furniture and equipment, the improvement of premises, and grants and contributions.

55. The provision under general temporary assistance also includes requirements to cover the functions of some of the posts abolished during the biennium 2014-2015 and some of the posts abolished during the biennium 2016-2017 that are still needed during part of the biennium 2016-2017. It is proposed that these requirements be gradually reduced during the biennium, as shown in tables 15 and 16.

56. The decrease of $21,421,800 in non-post requirements reflects reduced requirements under consultants and experts ($36,900), travel of staff ($768,500), contractual services ($10,208,200), general operating expenses ($9,395,000), supplies and materials ($597,900), furniture and equipment ($425,600), improvement of premises ($158,600) and grants and contributions ($12,600), owing mainly to the reduction in staffing and trial activities during the biennium. The reduced requirements are offset in part by a small increase under other staff costs ($181,500), owing mainly to the temporary strengthening of the trial and appeals teams to cope with the increased complexity of cases in 2016-2017.

Annex I

Organizational structure and post distribution as at 1 January 2016



Abbreviations: USG, Under-Secretary-General; ASG, Assistant Secretary-General; GS, General Service; PL, Principal level; OL, Other level; SS, Security Service.

Annex II

Summary of follow-up action taken to implement the relevant recommendations of the oversight bodies

Brief description of the recommendation	*Action taken to implement the recommendation*
Board of Auditors (A/70/5/Add.14)	
The Tribunal agreed with the Board's recommendation to implement the established measures to mitigate risk of further delay in the completion of its remaining judicial activities (para. 23).	To ensure the timely completion of its trials and appeals and support the implementation of its completion strategy, the Tribunal has taken such measures as increasing the capacity to hold trials; decreasing the scope, complexity and/or number of trials; increasing efficiencies in the conduct of trials and appeals; and reducing overall inefficiencies. The Tribunal believes that these collective efforts will mitigate the risk of any further delay in the completion of its judicial activities.
The Tribunal agreed with the Board's recommendation to update the inventory of archives and records in order to obtain accurate statistics of the records to be transferred to the Mechanism to facilitate resources planning such as space and workforce (para. 26).	Approximately 80 per cent of the review of the records inventory has been completed, and the Tribunal does not anticipate any challenges in meeting the stated target implementation timeline of the fourth quarter of 2015.
The Tribunal agreed with the Board's recommendation that it ensure that the records and archives working group completes the preparation of the overall plan for the transfer of the Tribunal archives and records within the specified time and communicates that plan to the stakeholders for implementation (para. 29).	The Mechanism Archives and Records Section has completed a draft plan for the transfer of the Tribunal's archives and records, which is currently under consideration by the records and archives working group. The Tribunal expects this plan to be adopted in the fall, and does not anticipate any challenges in meeting the stated target implementation timeline of the fourth quarter of 2015.
The Board recommended that the Tribunal ensure that information regarding the travels of its senior officials is recorded in the Absence Management System and that semi-annual reports showing the amount of funds spent on official travels as required by section 3.4 of the administrative instruction on official travel (ST/AI/2013/3 and Amend.1) be prepared and submitted to the Executive Office of the Secretary-General (para. 34).	Notwithstanding the fact that the impending implementation of the Umoja solution will overtake this recommendation, the Tribunal is currently consulting with the Executive Office of the Secretary-General to determine the extent to which this provision of ST/AI/2013/3 applies to senior officials of the Tribunal.

Brief description of the recommendation	*Action taken to implement the recommendation*
The Tribunal agreed with the Board's recommendation to: (a) conduct a study of suitable possible locations for the disaster recovery site and reallocate the current off-site data backup location in collaboration with the Mechanism; and (b) revisit its information and communications technology equipment-wiping process to include a requirement to create a report that will list assets identified for disposal and which will record the status of the wiping-out process of those assets (para. 40).	With regard to the first part of the recommendation, the Tribunal's Information and Communications Technology Committee recently approved, on a provisional basis, a high-level business case, which authorizes the Tribunal to store its backup data tapes at a new off-site location situated farther from the Tribunal than the current backup location. As to the second part of the recommendation, the Tribunal is working to extend its current equipment and asset write-off reporting system to include this recommended functionality. The Tribunal does not anticipate any challenges in meeting the stated target implementation timeline of the fourth quarter of 2015.

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Study on the long-term accommodation needs at United Nations Headquarters for the period from 2015 to 2034

Report of the Secretary-General

Summary

Pursuant to section VII of General Assembly resolution 69/262, the present report provides information requested on the long-term accommodation needs of the United Nations in New York. The report provides a comprehensive analysis of the four options deemed to be viable by the General Assembly: (a) North Lawn, funded through an assessment; (b) North Lawn, funded through financing; (c) United Nations Development Corporation (DC-5), funded through a lease-to-own arrangement; and (d) status quo (commercial leasing).

The report describes the key assumptions and estimated space requirements used in the financial analysis over a 50-year period, including population projections and the possible impact of flexible workplace strategies, Umoja and the global service delivery model in New York. It also describes other factors included in the study: the architectural integrity of the United Nations Headquarters complex, schedule considerations and credit rating.

Of the four options, the DC-5 option is the most cost-effective, providing the Organization with the opportunity to consolidate in one building the vast majority of its staff currently housed in commercial leasing space and offering ownership rights and a saleable asset at the end of a 30-year lease term.

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The General Assembly is invited to take note of the report, to request the Secretary-General to further develop the DC-5 proposal as a very feasible and serious option to be pursued, to authorize the Secretary-General to take the next steps necessary for implementation and to appropriate an amount of $2,515,400 for the biennium 2016-2017, in addition to the proposed programme budget for the same period, which represents a charge against the contingency fund.

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I. Introduction

1. In section VII of its resolution 69/262, the General Assembly recognized the need to resolve the long-term accommodation needs of the Organization and requested the Secretary-General to provide updated comprehensive information on the four viable options identified in the resolution at its seventieth session.

2. After considering the 10 options presented in the previous report of the Secretary-General (A/68/734), the General Assembly identified 4 viable options, including:

(a) Construction of a new building on the North Lawn, funded through a special assessment;

(b) Construction of a new building on the North Lawn, based on the availability of funding through third-party financing;

(c) Lease-to-own arrangement for a new building constructed by the United Nations Development Corporation, referred to as DC-5, on the Robert Moses playground;

(d) Status quo: continue commercial leasing under current arrangements.

3. The General Assembly urged the Secretary-General to ensure equal treatment of all four options and to work towards securing the most favourable terms for the Organization in addressing its long-term accommodation needs, and requested the Secretary-General to provide updated comprehensive information on each of the four options, including: financial costs, accurate cost projections over the period of the analysis, and space accommodation and design requirements. With respect to option 3, the Assembly noted that it appeared to be a very feasible and serious option, and requested updated information on financial costs on the basis of a preliminary credit rating and proposed lease terms.

4. The General Assembly also requested updated information on other factors affecting the study, including: the ongoing implementation of a flexible workplace strategy and statistically substantiated estimations of the impact that it would have on the projection of office space requirements; the possible impact that the implementation of Umoja and the new global service delivery model could have in terms of the number, skills and location of staff; and the need to respect the architectural integrity of the United Nations complex and of the original design of the Board of Design Consultants.

II. Key assumptions and estimated space requirements

A. Population figures

5. The starting point for the study of the long-term accommodation needs for the period from 2015 to 2034 was a review of the total population of the United Nations located in New York. The definition of "population", i.e., staff, consultants, interns and other workers, remains the same as in previous reports. For the present report, updated population figures were obtained from the executive offices of participating Secretariat departments and offices, as well as from specialized agencies, funds and

programmes that had expressed interest in being co-located in office space with the Secretariat.

6. In response to General Assembly resolution 67/254 A and the previous report (A/68/734), the project team has analysed the various long-term accommodation options with respect to two major groups of participants and prospective participants: (a) the Secretariat and other offices; and (b) the Secretariat, other offices, and funds and programmes.

7. The "other offices" grouped with the Secretariat comprise 36 offices of specialized agencies, funds and programmes and affiliated offices that are currently and/or have historically sublet space from the Secretariat owing to their small size. These include, among others, the International Civil Service Commission, the United Nations Educational, Scientific and Cultural Organization and the Food and Agriculture Organization of the United Nations.

8. Several funds and programmes have recently expressed interest in participating in the study on long-term accommodation needs; this represents a change compared with the previous report.

9. The participating funds and programmes referred to in the present report include the United Nations Development Programme (UNDP), the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) and the United Nations Population Fund (UNFPA). The reason that the timing is now a determining factor in the interest of UN-Women and UNFPA is that the delayed projected occupancy date of option 3 (DC-5) approximately coincides with the expiry dates of the current commercial leases of those entities. The majority of UNDP staff are currently housed in DC-1; hence, the expiry of the corresponding lease has always been a determining factor in the interest of UNDP, and UNDP was included in the previous report.

10. It is estimated that the total population of participating funds and programmes located in New York as of 2020, including both projected growth and reductions due to redeployment to other locations and other factors, will be 1,300.

11. The breakdown of populations located in New York as of 2015 is reflected in table 1.

Table 1
Breakdown of populations

		2015 (current population)	
	2013 (according to A/68/734)	*Secretariat and other offices*	*Secretariat, other offices, and funds and programmes*
A. Population at Headquarters (by entity)			
United Nations departments	8 516	8 516	8 516
Other offices	227	340[a]	340
Funds and programmes	850	–	1 300[b]
Total	**9 593**	**8 856**	**10 156**

	2013 (according to A/68/734)	2015 (current population)	
		Secretariat and other offices	Secretariat, other offices, and funds and programmes
B. Population in United Nations-owned property and non-seated positions			
On campus/owned	3 898	3 898	3 898
Non-seated	937	916	916
Total	**4 835**	**4 814**	**4 814**
C. Headquarters total population requiring seating outside United Nations-owned property: A-B	**4 758**	**4 042**	**5 342**

[a] 340 total staff from 36 small other offices, which currently sublease space from the Secretariat in rental space outside the campus, have been included in the study.

[b] Comprises the projected staff of UNDP, together with that of UN-Women and UNFPA, which were not included in the previous report, in New York as of 2020.

B. Flexible workplace strategies

12. In paragraph 10 of section VII of its resolution 69/262, the General Assembly requested the Secretary-General to pursue further analysis in order to obtain statistically substantiated estimations of the impact that the implementation of a flexible workplace strategy would have on the projection of office space requirements vis-à-vis the study on long-term accommodation needs.

13. Following an initial study and the issuance of his report on the implementation of a flexible workplace strategy at United Nations Headquarters (A/68/387), the Secretary-General estimated that the utilization of existing office space, with emphasis on owned space, could increase by some 25 per cent, thereby decreasing the overall amount of commercially leased space by approximately 20 per cent. This correlated to an average space utilization rate of 176 gross square feet per person for typical office spaces, which in turn meant that an estimated 630 additional staff could be accommodated within the existing Secretariat building compared with post-capital master plan occupancy conditions. Those metrics were used in determining space requirements in the previous report on long-term accommodation needs at Headquarters (A/68/734).

14. Since then, the Secretary-General has further developed the flexible workplace strategies programme in New York, further refining the generic design solution for office space environments, on the basis of the findings and outcomes of the pilot project, as well as developing a comprehensive business case for the implementation of flexible workplace strategies in New York. The business case applied generic planning strategies to actual offices/departments; this resulted in the establishment of varying office space solutions according to work type, as well as a strategy for timing the relinquishment of certain leased spaces prior to their expiry dates. The results of those efforts were described in the previous report.

15. Pursuant to the request made by the General Assembly in its resolution 69/274 A that the Secretary-General continue to implement the planned activities in

the next steps regarding flexible workplace at Headquarters, the implementation of the flexible workplace strategies is currently in progress.

16. In the updated study, the estimated 630 additional staff who could be accommodated within the existing Secretariat Building was increased to 800, on the basis of a detailed analysis of the various types of work that are supported in the Building. The previous average space utilization rate of 176 gross square feet per person was therefore reduced to approximately 168 gross square feet per person.

17. The updated, statistically substantiated estimations of the possible impact of flexible workplace strategies on the projection of office space requirements are included in the present report, as shown in table 2.

Table 2
Breakdown of population assumptions after the planned implementation of flexible workplace strategies, by 2018

	Secretariat and other offices	*Secretariat, other offices, and funds and programmes*
A. Population at Headquarters (by entity)		
United Nations departments	8 516	8 516
Other offices	340	340
Participating funds and programmes	–	1 300
Total	**8 856**	**10 156**
B. Population in United Nations-owned property and non-seated positions		
On campus/owned	4 698	4 698
Non-seated	916	916
Total	**5 614**	**5 614**
C. Headquarters total population requiring seating outside United Nations-owned property: A-B	**3 242**	**4 542**

C. Population scenarios

18. As in the previous report, three scenarios are projected for future accommodation needs:

(a) The "1.1 per cent annual growth rate" scenario, which is based on a continuation of the historical trend of the past 20 years and includes a net impact of both increases and decreases in programming;

(b) The "no growth rate" scenario assumes that possible future programme increases and decreases would remain without net impact on the overall requirements;

(c) Under the "0.5 per cent annual decline rate" scenario, programme increases and decreases would be offset partially by factors such as the implementation of Umoja and the global service delivery model in New York.

19. The three population scenarios described above have been projected to estimate the population requiring seating outside the United Nations-owned premises between 2015 and 2034.

D. Possible impact of Umoja and the global service delivery model

20. The Secretary-General has submitted to the General Assembly at its seventieth session a report on the framework for a global service delivery model of the United Nations Secretariat (A/70/323). In line with his goal of creating a truly global Secretariat, the model envisions a Secretariat that is better able to deliver on its mandates, supported by administrative services that provide what is needed, when and where it is needed.

21. With respect to long-term accommodation needs, the Secretariat assumes that the possible changes in Headquarters staffing levels over the next 20 years, including as a result of Umoja, the new global service delivery model and changing mandates, would be accommodated within the three population scenarios set out in the present report, ranging from a 0.5 per cent annual decline to 1.1 per cent annual growth.

22. The updated breakdown of population scenario projections is shown in table 3.

Table 3
Population scenario projections: required seating outside the United Nations-owned premises

	2015	*Population growth (percentage)*	*2020*	*2034*
Secretariat and other offices — off campus/leased	4 042	1.1	3 688	5 076
		No growth	3 242	3 242
		-0.5	3 045	2 521
Secretariat, other offices, and funds and programmes — off campus/leased	N/A	1.1	4 988	6 592
		No growth	4 542	4 542
		-0.5	4 345	3 733

Abbreviation: N/A, not available.

E. Own-to-lease ratio in the overall real estate portfolio

23. The previous reports of the Secretary-General included the establishment and consideration of an ideal own-to-lease ratio of 80:20 for the real estate portfolio in New York as a primary factor in the determination of overall space needs. The purpose of establishing the ratio would be to ensure that the Organization maximized the use of owned space, while retaining a portion of space on a commercially leased basis, in order to maximize flexibility to allow for future fluctuations, in particular one-time fluctuations, in the number of staff.

24. In the present report, the ratio is no longer considered a determining factor in decision-making. The reason for this change is that, under the various options under consideration, other factors take precedence over the ratio, as indicated in paragraph 25 below. Furthermore, it is recalled that at other duty stations, both headquarters stations and the economic and social commissions, all Secretariat staff are accommodated within owned or donated right-to-use premises (with the exception of the Office of the United Nations High Commissioner for Human Rights in Geneva, which would be accommodated within the Palais des Nations after the completion of the strategic heritage plan).

25. Under options 1 and 2 (construction on the North Lawn), consideration of the architectural integrity of the Headquarters complex and the design of the Board of Design Consultants limits the size of the building and therefore predetermines the resultant own-to-lease ratios under the various population scenarios. Under option 3 (DC-5), the size of the building is determined by maximizing the allowable development area on the site, in accordance with the memorandum of understanding among host government officials allowing for the use of the land.

F. Estimated space requirements

26. Two main components constitute the total office space requirements included in the present report: office space and ancillary or support space. Whereas the four options currently being analysed differ in size, similar requirements (but with certain adjustments, as explained in para. 27 below) for each are considered, in line with paragraph 5 of section VII of General Assembly resolution 69/262, ensuring equal treatment of all four options.

27. A third component of building support space is also factored into the overall study. These spaces include lobbies, mechanical equipment rooms, information technology and security equipment rooms and building maintenance storage rooms, which are required in order to make all buildings functional. The spaces affect the overall cost of options, whether new construction or commercially leased. They are included in the financial analysis, but are not listed in table 4.

Office space requirements

28. Office space comprises the office areas used for general work activities, including both individual/focused activities and collaborative activities. The spaces included in this category include the entire "kit of parts" described in the report of the Secretary-General on a comprehensive business case for the application of flexible workplace strategies at the United Nations (A/69/749). They are: individual workspaces (fully enclosed private offices and individual workstations); meeting rooms located on office floors, referred to as "small" and "medium-sized" meeting rooms, for anywhere from 2 to 16 occupants; focus booths; filing rooms; pantries; copy/work rooms; open meeting areas; lounges; and reception areas. The size of the office space requirements for each option and each population scenario is determined by multiplying the number of staff by 168 gross square feet per person.

Ancillary/support space requirements

29. In addition to the basic office space requirements, other required programmatic elements are common/shared meeting rooms, referred to as "large"

meeting rooms, for 16-24 occupants; and the displaced programme functions of the Dag Hammarskjöld Library Building and the South Annex Building. In line with paragraph 14 of section VIII of General Assembly resolution 69/274 A and as reported in the thirteenth annual progress report of the Secretary-General on the implementation of the capital master plan (A/70/343), the most cost-effective way to accommodate these functions is in the context of the study on long-term accommodation needs.

30. A summary of the total space requirements under the various population scenarios is set out in table 4.

Table 4
Total projected off-campus space requirements in 2020
(Gross square feet)

Population scenario	*Office space: Secretariat and other offices only*	*Office space: Secretariat, other offices, and funds and programmes*	*Ancillary/ support space*	*Total space: Secretariat, other offices, and funds and programmes*
No growth	544 656	763 056	319 758	1 082 814
1.1 per cent growth	619 653	838 053	319 758	1 157 811
0.5 per cent decrease	511 640	730 040	319 758	1 049 798

31. Given that the total size of each option differs, as does whether the space is owned or leased under that option, certain assumptions were made in the present study as to how the ancillary/support spaces are accommodated, as shown in table 5. For planning purposes, it is assumed that a public function of the Dag Hammarsjköld Library will remain in Manhattan in owned space that is approximately half the size of the current Library. The remaining portion of library functions, which are related largely to the collection, or "stacks", will be moved into less expensive commercially leased space outside Manhattan.

Table 5
Ancillary/support spaces under each option
(Gross square feet)

Owned or leased	*Options 1 and 2 (North Lawn Building)*	*Option 3 (DC-5)*	*Option 4 (status quo)*
New building	163 392	270 888	–
Commercial lease	119 909	48 870	228 837
Total	**283 301**	**319 758**	**228 837**

III. Other factors considered in the study

A. Architectural integrity of the United Nations Headquarters complex

32. In the previous report, the Secretary-General described the efforts made by the project team in taking into account the inherent architectural and historic value of the Headquarters complex, which is an iconic masterpiece of mid-century

modernism. Furthermore, over the life of the Organization, the architecture of the complex has come to embody and represent the mission and the ideals of the United Nations.

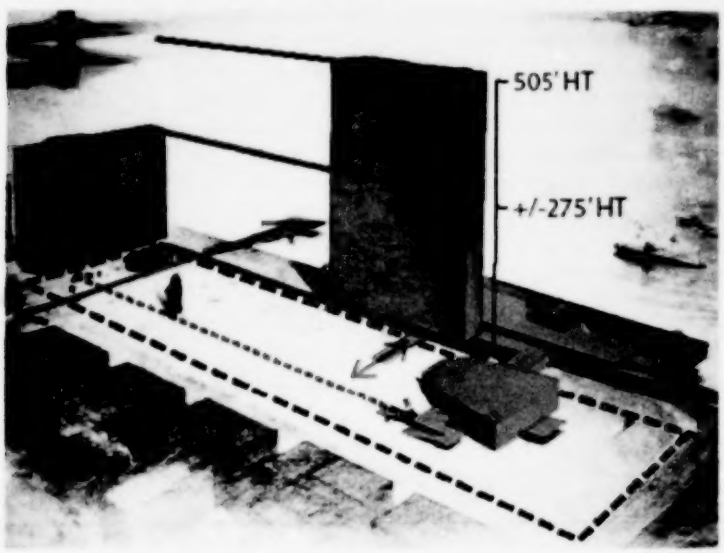
33. Factors included in the analysis of an internationally recognized architectural preservation firm hired by the United Nations for that purpose were the original design of the Board of Design Consultants as well as the process undertaken by the Board to arrive at the final design, applicable international historic preservation guidelines and standards, historic design principles, factors for evaluating the expansion of the complex, and alternatives and their impacts.

34. The experts ultimately concluded that option 3 (DC-5) would be the preferred alternative for the expansion of the United Nations complex from the perspective of preserving the architectural integrity of the United Nations campus, as it would adequately respect its iconic historical, cultural and architectural character.

35. Should the General Assembly select option 1 or option 2, the Secretary-General understands paragraph 12 of section VII of resolution 69/262 to mean that any new building on the North Lawn should be limited in height to approximately 275 feet, in accordance with the original design of the Board of Design Consultants. This is illustrated in the historic drawing of "scheme 32" by Oscar Niemeyer, one of the members of the Board, as shown in figure I.

Figure I

Historic drawing of "scheme 32" by Oscar Niemeyer, 1946



SCHEME 32, OSCAR NIEMEYER

B. Schedule considerations

36. In accordance with previous reports on the study on long-term accommodation needs and General Assembly resolutions 66/247 and 67/254 A, the Secretary-

General continues to ensure that the renovation phase of the strategic heritage plan does not start before the General Assembly has taken a decision on the matter and the capital master plan has been completed. The major renovation phase of the capital master plan was completed and the Office of the Capital Master Plan closed in July 2015. Remaining post-renovation activities are being carried out by the Office of Central Support Services. The Secretary-General understands that, for the purpose of complying with the above-mentioned resolutions regarding sequencing, once the General Assembly has approved the strategic heritage plan it may proceed without delay.

37. Furthermore, the Secretariat continues to comply with resolution 68/247 A to ensure that major capital expenditure projects are not implemented simultaneously in order to prevent the need to finance and supervise them at the same time. Accordingly, it is the understanding of the Secretariat that, upon the completion of the capital master plan, the strategic heritage plan and some of the options being considered in the present report may proceed at the same time if funding arrangements are in place that do not require major capital expenditure on the part of the United Nations. Therefore, option 1 of the study on long-term accommodation needs could commence only upon the completion of the strategic heritage plan, whereas options 2 and 3 could commence earlier.

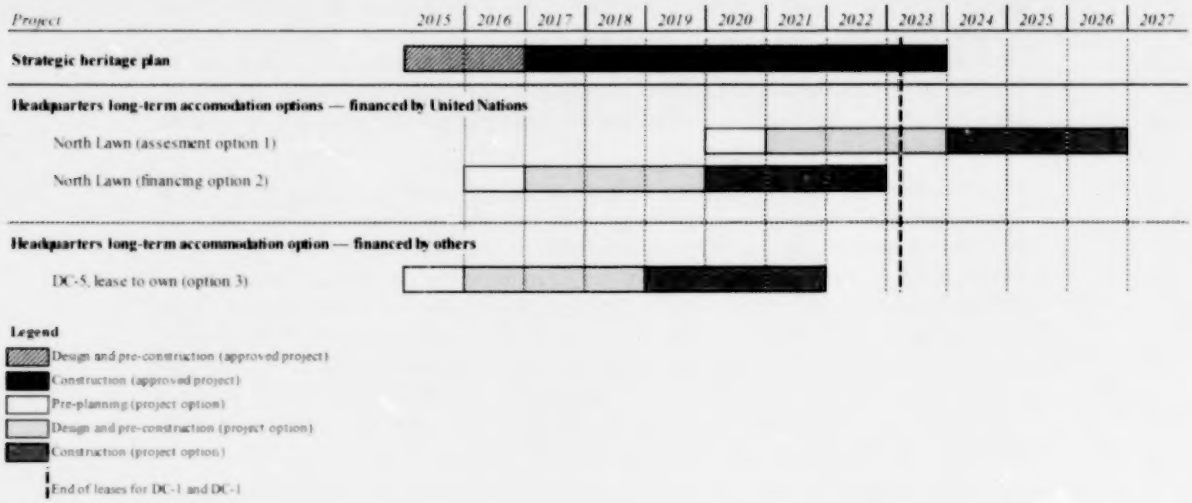
38. In addition to the sequencing of capital projects, another overarching schedule driver with respect to the study on long-term accommodation needs is the expiry of the United Nations leases in the DC-1 and DC-2 buildings in the fall of 2023. The Secretariat currently houses approximately 2,060 staff in those buildings, at rental rates below current market rates owing to a long-term lease negotiated 40 years ago. The United Nations has the right to extend the current lease from 2018 to 2023. Under the terms of the current memorandum of understanding, the United Nations Development Corporation is obligated to refinance or sell those buildings on behalf of the City of New York. It is therefore not certain that they would be available to the United Nations after 2023. Even if they remain available, they would require major capital renovations and could be leased only at prevailing market rates in 2023, which, it is estimated, will be more than two times the scheduled renewal rate until 2023. In addition, swing space would have to be leased at market rates to allow the renovation efforts to take place.

39. In order to avoid the significant financial and operational risks associated with the expiry of the current DC-1 and DC-2 leases, the Secretariat would need to implement a long-term accommodation option that is available before 2023.

40. The updated timeline for the sequencing of United Nations capital projects is shown in figure II.

Figure II

Sequencing of near-term capital expenditure projects and other construction work: projected timeline, 2015-2026



C. Credit rating for the purpose of obtaining financing for options 2 and 3

41. As indicated in the previous report and pursuant to paragraph 7 of section VII of resolution 69/262, for the purpose of analysing the DC-5 option, it was necessary to obtain an indicative credit rating for the United Nations, since it would underlie the credit rating for that option and have a significant influence on the pricing of the bond(s). Given that the General Assembly also requested additional information on the possibility of financing the North Lawn option, the indicative rating could also be used to provide more accurate information on that option. During the reporting period, the Secretariat engaged a major rating agency for that purpose.

42. At the time of reporting, the application was in the final stages leading to submission and the outcome was therefore pending. According to advice provided by third-party financial consultants familiar with the process, the outcome of the indicative rating process is that a project rating will be no lower than "AA". This represents an improvement since the issuance of the previous report, in which the rating was assumed to be "A", and the financial projections have been updated accordingly.

43. Should the General Assembly decide to pursue one of the options requiring financing, it would be necessary to obtain a credit rating for the United Nations as part of the definitive credit rating for the total project.

Option 2: North Lawn financing

44. For option 2, it is assumed that a commercial loan with an amortization schedule of 30 years would be pursued in order to make a financing option advantageous by keeping annual payments relatively low. Commercial banks do not

typically offer bank term loans extending beyond 10 years, so the 30-year amortization period would be achieved by purchasing an unsecured loan and renewing it twice during the 30-year period. The United Nations would be exposed to renewal risk upon the expiration of the 10-year terms.

45. Indicative pricing on the 10-year term loan is based on an estimated bank spread to be charged and the current market rates for a 30-year fixed interest rate swap today and the same swap with a 10-year forward start date. Given that construction would not begin until 2020, any 30-year interest rate swap at that time would be difficult to forecast; thus, the 10-year forward swap premium cost at 2015 rates is used. In addition, an assumed risk premium is included to cover the interest rate risk at the time of renewal in year 10. A total interest rate of between 5.54 and 5.79 per cent is forecast, and an average of 5.67 per cent is used in the option 2 cost estimates set out in the present report.

Option 3: DC-5

46. Table 6 has been updated since the issuance of the previous report and shows the most accurate projections for a 30-year bond, based on available information. It also shows indicative 30-year taxable fixed interest rates based on an "AA" rating and an assumed increase of 24 basis points as at the projected financing date of 1 January 2019. The rates are based on a "spread" to the 30-year United States Treasury bond rate. In October 2013, the bond rate was 3.7 per cent, which is the rate used in the previous report. Since that time, the rate has come down significantly, and as of July 2015 it was 2.97 per cent. Rates are not expected to decline further; the estimated rate increase as of 2016 is based on a median consensus of projected treasury rates.

47. With the United Nations assumed to be of investment-grade credit quality and the overall project rating to be "AA" for the DC-5 option, the overall estimated future interest rate is between 5.01 and 5.21 per cent. An average rate of 5.11 per cent is used in the financial projections.

Table 6

Rating category	*30-year United States Treasury*	*Spread to United States Treasury*	*Forward spread*	*Estimated future rate*
Aa/AA	2.97%	1.80-2.00%	.24%	5.01-5.21%

IV. Comparative analysis of each option

A. Overview and working method

48. Pursuant to resolution 69/262, in which the General Assembly requested updated information on four viable options, the Secretariat, during the reporting period, continued using the overall methodology used during the previous studies on long-term accommodation needs. Given that the Secretariat does not currently have dedicated resources assigned to the project, a third-party real estate consultancy firm has been hired to provide support to the Office of Central Support Services in conducting the comparative analysis. The real estate consultant team included

several sub-consultants who provided specialized services, including architectural/engineering design, cost estimation and financial advice services.

49. Updated information on all options was gathered. A third-party architectural/engineering design consultant developed a conceptual design for a building on the North Lawn, and cost estimates for that option were developed by a third-party cost estimator. The United Nations Development Corporation produced a revised schematic design and a cost estimate for option 3. A third-party real estate brokerage consultant conducted market research regarding option 4. Specific activities undertaken during the reporting period included the updating of the following:

(a) Population projections of the Secretariat, and solicitation of interest from participating funds and programmes;

(b) Architectural and engineering designs of the new construction options. Revisions to options 1 and 2 entailed designing a smaller-sized building and responding to historic preservation concerns, as further explained in section III.A above. Revisions to option 3 entailed making minor updates to United Nations programme requirements and reflecting host city building regulations, as further explained in paragraphs 78-88 below;

(c) Construction cost estimates for the new construction options, in accordance with the revised designs and updated timelines, and the updating of assumptions regarding projected construction escalation costs;

(d) Financial information for all options, including the indicative credit rating for financing options, projected interest rates and a more thorough study of a possible North Lawn financing option;

(e) Commercial lease analysis of a 15-minute walking radius from the United Nations campus for the status quo option and also for the commercial leasing components of the new construction options;

(f) Detailed lease negotiations with the United Nations Development Corporation for option 3, including the necessary revisions to the memorandum of understanding among host government signatories.

Planning assumptions and potential future change impact analysis

50. The planning assumptions for the determination of one-time costs as well as ongoing costs for each option remain largely the same as those reflected in the previous report. Whereas each of the assumptions reflects a certain amount of speculation with respect to future costs, the most important factor in considering them is that they are applied equally to all four options in order to determine the most cost-effective option.

51. A summary of the planning assumptions used in the study is listed below. Where applicable, an estimate of the potential impact and likelihood of future changes in the figures used in the present report is also included and is reported as a 50-year impact, in 2015 net present value terms, for a no-growth population scenario:

(a) Study period (50 years, from 2015 to 2064): for such a large investment, a 50-year horizon provides a full view of the costs and benefits of each option; it is

also the useful life of a building, according to the International Public Sector Accounting Standards-compliant accounting policy of the United Nations;

(b) Population projections (from 2015 to 2034, as shown in table 3): projections beyond 20 years are considered unpredictable. Future changes in population are a significant determining factor of cost; for every 250 staff added or reduced, the impact is in the range of $170 million to $190 million;

(c) Construction cost escalation (4.5 per cent, according to data published in recent years in the New York construction market): construction costs were estimated in July 2015 dollars and are escalated until the construction period for a given option;

(d) Amount of ancillary space under each option (as shown in table 5): any future changes in ancillary space requirements also have a significant impact on overall costs; for every 50,000 square feet (approximately two floors of the North Lawn Building or the DC-5 Building) added or reduced, the impact is in the range of $200 million to $230 million;

(e) Interest rate assumptions (as set out in sect. III.C above): under option 2 (North Lawn financing), an increase or decrease of 50 basis points for the assumed 5.67 per cent interest rate would have an impact of approximately $60 million to $70 million. Under option 3 (DC-5), an increase or decrease of 50 basis points in the assumed 5.11 per cent interest rate would have an impact of approximately $120 million;

(f) Commercial leasing rates ($78 per rentable square foot, as indicated in para. 94 below): an increase or decrease of $5 per rentable square foot would result in a total impact of approximately $50 million under the North Lawn options and $140 million under the status quo option (the change would be negligible under the DC-5 option, as very little commercial lease space is expected to be required for it);

(g) Rate of inflation: 3 per cent, based on the most recent rate of inflation;

(h) Discount rate: 3 per cent (for determining net present value calculations).

52. Financial analyses of total life-cycle costs over the 50-year analysis period were carried out for each option, including all of the following costs: one-time project costs (for ownership options), commercial lease costs (for lease options) and costs for utilities, cleaning, security, real estate taxes (if applicable) and insurance.

53. Details regarding the ways in which potential future changes in the above-mentioned assumptions may have an impact on the overall analysis for each of the options, as well as population scenarios, are included in annex II to the present report.

54. A summary of each option is included in section IV.B below, with a comparison of the total costs of each option included in section IV.C.

B. Results of the study regarding each option

Option 1: construction of a new North Lawn Building, funded through a special assessment of the General Assembly

55. As indicated in the previous reports of the Secretary-General on the study on long-term accommodation needs, option 1 involves the construction of a new building on the North Lawn, funded through a special assessment of the General Assembly. The project would be undertaken by the United Nations directly and managed by a dedicated project management team, with architectural and engineering design services and construction services contracted directly by the United Nations, as was the case during the implementation of the capital master plan. This option is the least costly of the four options in terms of one-time construction costs, partly because it does not entail land purchase or financing costs. However, because the construction portion of the project cannot be undertaken until the strategic heritage plan has been completed in 2023, option 1 entails considerable construction escalation costs, estimated at 4.5 per cent compounded annually, from the present time until 2024. In addition, new lease agreements at market rates would need to be arranged for the population currently seated in DC-1 and DC-2 in order to bridge the construction period.

56. Furthermore, the overall scope of option 1 is constrained by historic preservation and constructability issues. The height of the building is limited to approximately 275 feet, in keeping with the original design of the Board of Design Consultants, as illustrated in figure I and explained in paragraph 35 above.

57. The building footprint is limited to approximately 26,500 gross square feet. The buildable area of the North Lawn is bound on the south by the existing North Lawn Building (with two subterranean floors under the lawn); on the west by the multi-million-dollar main electrical supply, near the "Good Defeats Evil" statue outside the entrance to the North Lawn Building; and on the east by the service drive at the third basement level of the United Nations complex.

58. The combination of height and floor area constraints yields a maximum buildable area of approximately 535,000 gross square feet.

59. Under a no-growth population scenario, option 1 cannot meet the requirements of the Organization with respect to the total office and ancillary space of more than 1 million square feet. Therefore, additional commercial leasing space would be required, exposing the option to market risks over time.

60. Both North Lawn options also carry the additional risk of objections on the part of the local community, in particular occupants of the Alcoa Building and other residential buildings adjacent to the United Nations complex. Although the United Nations would not be legally obligated to conduct formal public hearings, it is presumed that, in line with best industry practice, such hearings would be undertaken. In addition, required utility and road connections to a new North Lawn Building would require extensive consultations with host government authorities.

61. Architectural renderings of the North Lawn Building options are shown in Figure III and Figure IV.

Figure III
Perspective view of North Lawn Building

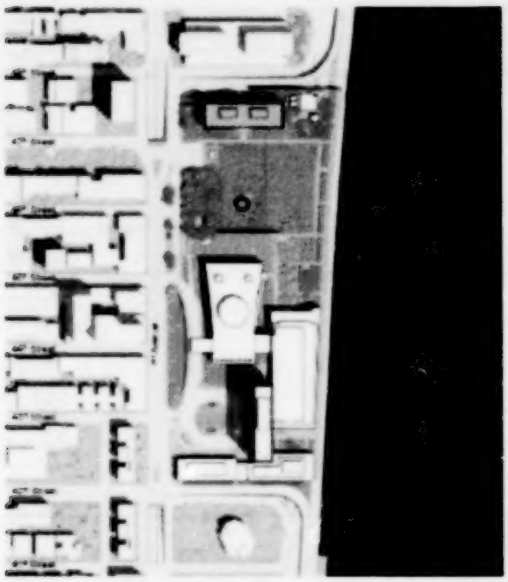
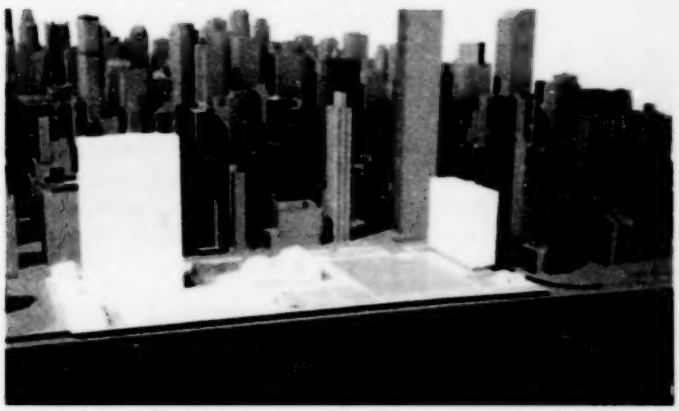


Figure IV
Plan view of North Lawn Building



62. A cost breakdown of the 50-year cost summary for option 1 is shown in table 7. Costs are presented in 2015 net present value dollars and include one-time capital costs for the new building, the capital costs for the fit-out of commercial leasing spaces, ongoing commercial rental costs and operating costs for both the new building and leased spaces.

Table 7
Option 1
(Billions of United States dollars, net present value)

50-year cost summary	*Cost*
New building	
One-time assessment	0.575
Annual occupancy costs	–
Annual operating expenses	0.710
Subtotal	**1.284**
Commercial leasing	
One-time assessment	0.082
Annual base rent	1.030
Annual operating expenses	0.609
Subtotal	**1.722**
Total	**3.006**

Option 2: construction of a new North Lawn Building, funded through financing

63. In the previous report, option 2 was deemed to be non-viable owing to the complexities of obtaining financing in relation to United Nations-owned land, and the resultant effect on the interest rate of possible available financing. However, in line with paragraph 7 (b) of section VII of resolution 69/262, in which the General Assembly identified the North Lawn financing option as viable and requested the Secretary-General to provide updated financial information on that option, the Secretariat undertook a detailed study during the reporting period.

64. Given the privileges, immunities and legal status of the United Nations and the prevailing host country agreement, it would be difficult for the Organization to enter into a commercial borrowing arrangement to finance the construction, since the Organization cannot offer collateral to a creditor in the event of default. Therefore, the number of possible financing options is limited.

65. On the basis of expert advice received from the third-party real estate consultant and financial advisers, the Secretariat considered a number of potential options, including:

(a) Third-party developer financing;

(b) Public or private long-term fixed rate bonds (direct debt issued by the United Nations).

Third-party developer financing

66. One financing option would be to allow a third-party developer to construct the building and lease it to the United Nations on a lease-to-own basis, similar to the arrangement envisaged for option 3. This would require the temporary defeasance of the title to the land to the developer in granting a mortgage. The mortgage would be

required in order to obtain financing from a creditor, as the mortgage would be used as collateral against a possible default on the loan.

67. Several challenges, both legal and technical, arise with respect to such defeasance. First, it would require a change in the host country agreement with the United States of America, as host Government, which currently grants to the United Nations ownership rights for the use of the land and provides that the land should be sold to the host Government at market value in the event that ownership rights are relinquished.

68. Second, the actual portions of the land on which the building would be constructed are bordered immediately to the west, south and east by existing structures both at the surface and on two subterranean levels. In addition, a service ramp, security infrastructure and other utilities border the land to the north, and immediately to the north of the United Nations property is an elevated ramp owned by the host city/state authorities. While it may be possible to grant temporary use of a portion of United Nations-owned land for construction purposes, such temporary ownership would be insufficient for the purpose of granting a mortgage to provide backing for financing.

69. For those reasons, third-party developer financing was deemed not viable and was not studied further during the reporting period.

Public or private long-term fixed rate bonds (direct debt issued by the United Nations)

70. A second possible option is the issuance by the United Nations of direct debt, such as a long-term bond.

71. The United Nations lacks an exemption from the Securities Exchange Commission, which governs the issuance of taxable long-term bonds as direct public or private debt in the United States. The Commission has granted exemptions to other supranational organizations in the past to pursue this form of financing, but doing so is considered to be prohibitively difficult for the purpose of seriously pursuing this option.

72. It would be possible for a State Member of the United Nations to issue debt based on its sovereign standing and its credit rating. The Secretariat issued a note verbale in May 2015 soliciting interest from Member States in providing financial assistance in this regard for use in the study on long-term accommodation needs, but no responses were received.

73. Furthermore, should the United Nations provide financing for this option, it would be construed as a major capital project and therefore could not commence until after the completion of the strategic heritage plan (see para. 37 above). For these reasons, the issuance of direct debt was deemed not viable and was not studied further during the reporting period. In addition, with respect to options 1 and 2, the Secretary-General has explored variations with respect to financing.

Bank syndicate construction and term loan (direct debt obligation of the United Nations)

74. Among the potential financing options available for a new North Lawn Building, the most viable would be a direct debt obligation of the United Nations as

a conventional bank construction loan, with conversion upon completion to a bank term loan. The conventional long-term permanent financing that is typically available from insurance companies and pension funds requires security in the form of a direct mortgage pledge, which is not available with respect to the North Lawn property for the reasons cited above. A comprehensive financing solicitation would be required in order to formally determine whether permanent financing from any of these conventional sources could be obtained with an alternative security structure other than a mortgage pledge.

75. The assumed structure of the 30-year loan and an interest rate of 5.67 per cent are set out in paragraphs 44 and 45 above.

Loan (or loan guarantee) from one or more Member States

76. In the note verbale to Member States referred to in paragraph 72 above, the Secretariat also solicited interest in providing a loan or loan guarantee for the purpose of constructing a North Lawn Building. No such interest has been expressed.

77. A cost breakdown of the 50-year cost summary under option 2 is shown in table 8. Costs are presented in 2015 net present value dollars, and the costs include financing costs for the new building, the capital costs for the fit-out of commercial leasing spaces, ongoing commercial rental costs and the operating costs of both the new building and leased spaces.

Table 8
Option 2
(Billions of United States dollars, net present value)

50-year cost summary	*Cost*
New building	
One-time assessment	–
Annual occupancy costs	0.916
Annual operating expenses	0.839
Subtotal	**1.755**
Commercial leasing	
One-time assessment	0.085
Annual base rent	0.955
Annual operating expenses	0.656
Subtotal	**1.697**
Total	**3.451**

Option 3: United Nations Consolidation Building (DC-5)

78. As indicated in the previous report (A/68/734), option 3 entails the construction of a new high-rise office tower on the plot of land south of the United Nations campus, known as either the United Nations Consolidation Building or DC-5.

79. This option would be undertaken not by the United Nations, but by the United Nations Development Corporation. The project would be financed through the issuance by the Corporation of public or private bonds, which would be redeemed through United Nations rent payments over 30 years under a rent-to-own arrangement.

80. The building was designed by a Pritzker Prize-winning international architect. During the reporting period, the United Nations requested several changes to the design, which were made at no additional cost to the project. They included the following:

(a) Providing three medium-sized conference rooms equipped with interpretation booths, similar in size to conference rooms 11-13, as well as three "alphabet room"-sized rooms for use by Member States;

(b) Redesigning typical office floors to incorporate flexible workplace strategies, in line with the pilot project on the 18th and 19th floors of the Secretariat Building and the broader programme currently being implemented;

(c) Moving part of the food service space from the 7th to the top floor of the building; with its expansive views of Manhattan and the East River, it could serve as a multi-function catering space for the United Nations, Member States and the public.

Status of required change to the memorandum of understanding

81. When the previous report of the Secretary-general was drafted, the construction period of the DC-5 option was to be from 2016 to 2018. However, in the absence of a strongly affirmative General Assembly resolution in favour of DC-5, the United Nations Development Corporation has not been willing to deploy the resources required for the completion of the schematic design phase as previously envisaged.

82. The United Nations, through the United Nations Development Corporation, requested several necessary changes to the current memorandum of understanding, as follows:

(a) Extending the sunset provision (deadline) for the transfer of land from the end of 2015 until 2019, which is essential if the option is to remain viable;

(b) Eliminating the requirement that the United Nations exercise its option to extend the current commercial leases in DC-1 and DC-2 from 2018 until 2023;

(c) Eliminating the requirement to pay real estate taxes for DC-1 and DC-2 from 2017 to 2023.

83. The Secretary-General is pleased to report that the revisions to the memorandum of understanding were approved in September 2015 by the Mayor of the City of New York, the Speaker of the New York State Assembly and the President of the New York State Senate.

84. The current projected construction schedule for the DC-5 option is 2019-2021, with occupancy in 2022. This aligns with the termination of existing leases in DC-1 and DC-2 in 2023, as well as the date by which the City of New York is required to sell or refinance those buildings. However, in the light of the changes to the memorandum of understanding requested by the Secretariat, the United Nations

would not be required to pay rent in DC-1 or DC-2 as at the date of occupancy of DC-5.

Status of lease negotiations

85. In line with paragraphs 5 and 7 (c) of section VII of resolution 69/262, the Secretariat met extensively with representatives of the United Nations Development Corporation throughout the reporting period in order to negotiate proposed lease terms, in an effort to secure the most favourable terms possible for the Organization.

86. The United Nations Development Corporation lease to the United Nations will provide for a term that coincides with the term of the Corporation's bonds to finance DC-5, coinciding with the occupancy date and the end of an assumed three-year period of capitalized interest under the bond documents. The United Nations will receive title to the land and the building when the bonds are paid at the end of 30 years.

87. Architectural renderings of the DC-5 option are shown in figure V and figure VI.

Figure V

Perspective view of the United Nations Consolidation Building (DC-5)

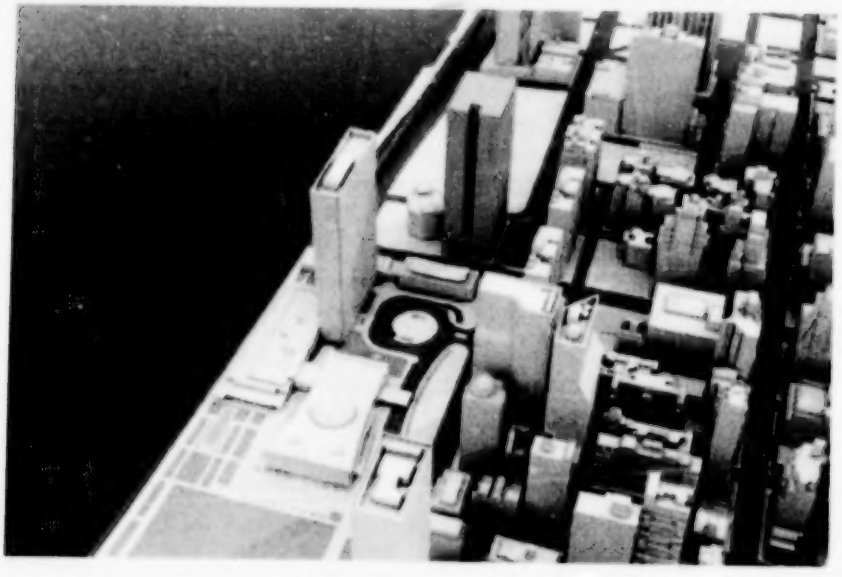
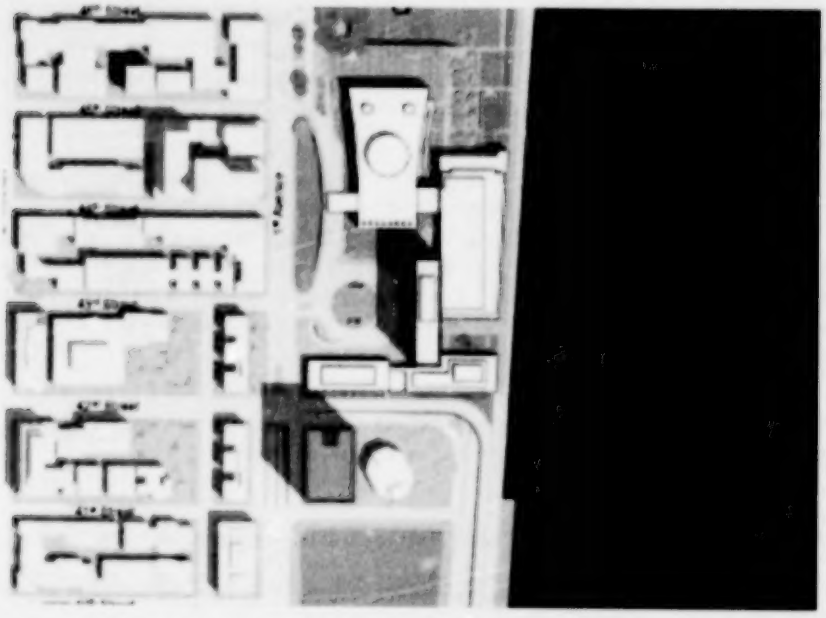


Figure VI
Plan view of the United Nations Consolidation Building (DC-5)



88. A cost breakdown of the 50-year cost summary under option 3 is shown in table 9. Costs are presented in 2015 net present value dollars, and the costs include financing costs for the new building, the capital costs for the fit-out of commercial leasing spaces, ongoing commercial rental costs and the operating costs of both the new building and leased spaces.

Table 9
Option 3
(Billions of United States dollars, net present value)

50-year cost summary	*Cost*
New building	
One-time assessment	–
Annual occupancy costs	1.210
Annual operating expenses	1.145
Subtotal	**2.355**
Commercial leasing	
One-time assessment	0.018
Annual base rent	0.266
Annual operating expenses	0.015
Subtotal	**0.298**
Total	**2.653**

Option 4: status quo

89. In previous reports, option 4 is referred to as the "status quo" option, under which off-campus accommodation needs would continue to be met through commercial leases. The commercial lease portfolio, which currently houses a total of more than 4,000 Secretariat staff, comprises nine buildings in Manhattan and Long Island City. A total of approximately $56.6 million was spent on commercial leases in 2014.

90. Following the implementation of flexible workplace strategies in New York, as described in section II.B above, the Secretariat is expecting to house an additional 800 staff in the Secretariat Building, thereby reducing the need for commercial leasing space. In addition, the Secretariat will apply flexible workplace strategies to the current lease space in the FF Building, located at 304 East 45th Street. Therefore, a total of four leases are expected to be terminated, as they will no longer be needed.

91. Figure VII shows a perspective view of the United Nations leased property, and table 10 shows the United Nations leased property inventory, including which leases would not be renewed at the end of their current term.

Figure VII
Perspective view of the current United Nations leased property inventory

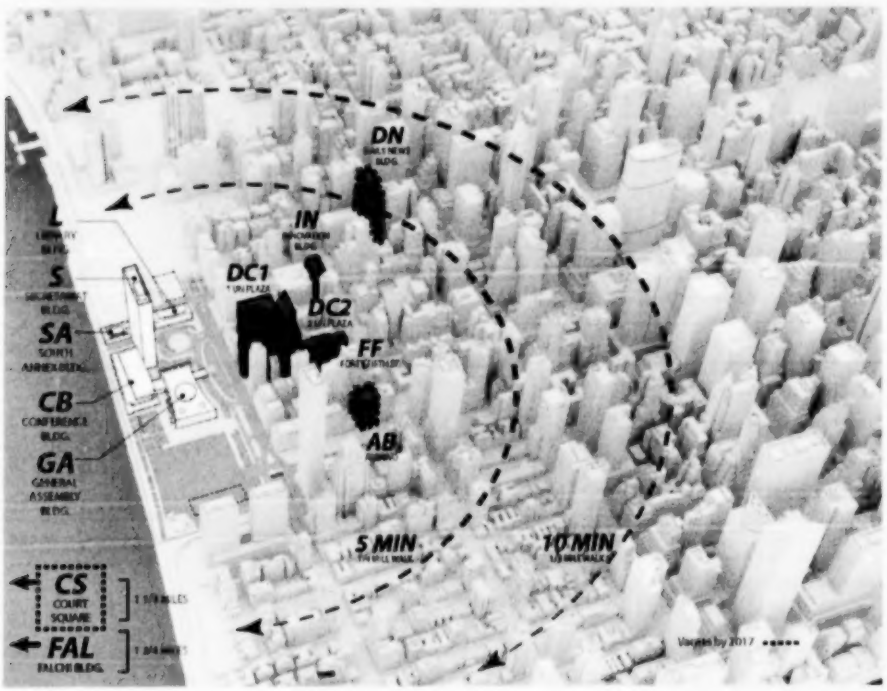


Table 10
Detailed summary of commercial lease rates as of 2015
(United States dollars)

United Nations leased properties	*Lease expiry*	*Renewal option*	*Current annual rent*
Albano Building	July 2017	None	10 288 300
Alcoa	July 2015	Yes	1 573 095
Daily News Building	April 2017	None	2 324 172
FF Building	April 2017	None	6 809 729
Falchi Building	December 2024	Yes	69 318
Innovation Building	September 2018	Yes	7 758 468
1 United Nations Plaza (DC-1)	March 2018	Yes	10 074 008
2 United Nations Plaza (DC-2)	March 2018	Yes	14 292 531
Court Square (United Nations Federal Credit Union)	April 2018	Yes	3 400 397
Total			**56 590 018**

92. During the reporting period, the project team conducted a detailed study of market trends in the area of Manhattan immediately surrounding the United Nations Headquarters complex, in three "bands" of proximity, for the purpose of leasing up to 1 million rentable square feet of space, depending on which option is being pursued.

93. Since the issuance of the previous report, in 2013, the total supply of available commercial lease space within band 1 has decreased from approximately 17 to 8 per cent, while the average of the three bands has decreased from 14 to 9 per cent. The primary reason for the decreasing availability of commercial space is the increase in demand for residential space within the same area, particularly in band 1. In addition, much of the already limited commercial space is being converted to residential use.

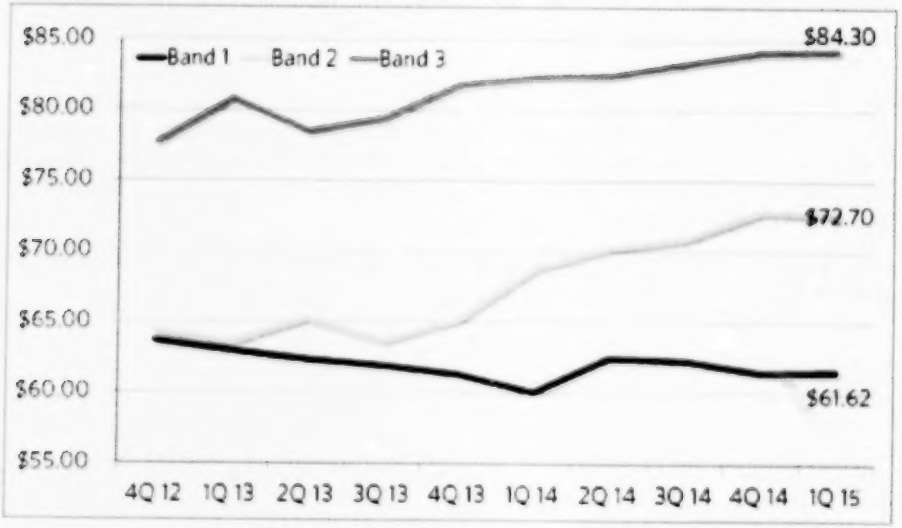
94. The weighted average price for class A office space within the three bands being analysed has increased since 2013 from approximately $71 to $78 per rentable square foot. This average figure is being used in the overall financial model in the present report.

95. For planning purposes, it is assumed that, should continued leasing of the DC-1 and DC-2 Buildings be possible beyond 2023, they would be priced at market value. In addition, because the commercial leasing market in Manhattan changes often and quickly, no specific deals have been sought for the purposes of the present study; rather, generic estimates have been used.

96. Figure VIII and figure IX show the range of the current market study and the pattern of commercial leasing rates, respectively.

Figure VIII
Range of the current commercial leasing market study

Figure IX
Average commercial leasing rates, by band



97. A cost breakdown of the 50-year cost summary under option 4 is shown in table 11. Costs are presented in 2015 net present value dollars, and the costs include capital costs for the fit-out of commercial leasing spaces, ongoing commercial rental costs and the operating costs of leased spaces (there are no new building costs under this option).

Table 11
Option 4
(Billions of United States dollars, net present value)

50-year cost summary	*Cost*
New building	
One-time assessment	–
Annual occupancy costs	–
Annual operating expenses	–
Subtotal	**–**
Commercial leasing	
One-time assessment	0.117
Annual base rent	1.833
Annual operating expenses	1.611
Subtotal	**3.561**
Total	**3.561**

C. Comparative evaluation

98. As indicated in the previous report, in order to thoroughly analyse the total costs of each option studied, the project team projected total costs over a 50-year period, from 2015 through 2064, for each of the four options and for each of the three population scenarios. In other words, the study included 12 detailed financial models.

99. The models were inclusive of all anticipated project costs, including hard and soft project capital costs, financing costs (where applicable) and long-term operational costs. Hard costs include construction trade costs and construction management fees, construction contingencies, insurance and cost escalation. Soft costs include design fees, programme management/owner representation fees, legal costs, design contingencies and staff costs.

100. Operational costs (also referred to as occupancy costs) include utilities, cleaning, repairs and maintenance, grounds-keeping, security and administrative costs. For planning purposes, an annual contribution to a capital reserve fund of 1 per cent of property value is also included under the three "owned" options, in order to preserve property value over the life of a new building.

Determining the time value of money, or net present value

101. Construction costs were estimated in terms of July 2015 dollars, and costs were projected forward by applying a construction escalation rate of 4.5 per cent

from July 2015 until the midpoint of the projected construction period under the option. A discount rate of 3 per cent, which is derived by comparing roughly with the expected rate of inflation, was applied in order to determine the present values.

102. A summary of the cost comparison is provided in table 12. A detailed breakdown of the costs is provided in annex II to the present report.

Table 12
Cost comparison of the four viable options

	Option 1 (North Lawn assessment)	*Option 2 (North Lawn financing)*	*Option 3 (DC-5)*	*Option 4 (status quo)*
Initial project cost (billions of United States dollars)	1.014	0.979	1.608	N/A
Office capacity (number of staff)	1 400	1 400	3 190	N/A
Number of staff in leased space	1 842	1 842	52	3 242
Size in gross square feet	535 000	535 000	929 499	N/A
Construction period	2024-2026	2020-2022	2019-2021	N/A
Occupancy date	2027	2023	2022	N/A
Summary 2015 net present value (billions of United States dollars)				
1.1 per cent growth	4.409	4.898	4.009	4.884
No growth	3.006	3.451	2.653	3.561
0.5 per cent decrease	2.509	2.943	2.284	3.085
Residual value in 2064 (billions of United States dollars)				
No growth	0.563	0.557	1.975	N/A
Possibility of selling the asset	not saleable	not saleable	saleable	N/A
Detailed summary, no-growth scenario (billions of United States dollars)				
New building costs				
One-time assessment	0.575	–	–	–
Annual occupancy costs	–	0.916	1.210	–
Annual operating expenses	0.710	0.839	1.145	–
Subtotal	**1.284**	**1.755**	**2.355**	–
Commercial leasing costs				
One-time assessment	0.082	0.085	0.018	0.117
Annual base rent	1.030	0.955	0.266	1.833
Annual operating expenses	0.609	0.656	0.015	1.611
Subtotal	**1.722**	**1.697**	**0.298**	**3.561**
Total	**3.006**	**3.451**	**2.653**	**3.561**

Abbreviation: N/A, not applicable.

103. In addition to the qualitative and cost considerations summarized above, other non-quantifiable criteria need to be considered. These include the benefits of ownership and of consolidating staff on an integrated campus. The beneficial effects of consolidation include a higher level of predictability and stability of office space requirements, additional efficiency in the space planning of large areas, savings in travel time between different locations, and a higher level of productivity, staff morale and quality of work owing to the improved quality of the physical work environment. The North Lawn and DC-5 options offer those benefits, while the status quo option does not.

V. Next steps

The need for a decision

104. A decision to actively pursue one of the viable long-term accommodation options is required if the Organization is to avoid a steep increase in annual accommodation costs in 2023 after the expiry of the DC-1 and DC-2 leases. These include a sharp increase in commercial lease rates and significant capital costs required for the fit-out of new commercial leasing spaces if a new owned building is not made available.

105. It is projected that, even after the implementation of flexible workplace strategies in New York, after which commercial rental rates are expected to be reduced from $56.6 million to approximately $40 million annually in 2015 terms, overall commercial rates will increase from $50 million to more than $100 million by 2023. It is projected that, if the status quo option is selected, one-time capital costs for the same year will be approximately $120 million.

106. In effect, the financial consequences of not making a decision and the cost of the status quo option are the same. In a no-growth scenario, each would result in avoidable costs to the Organization of up to $1 billion over a 50-year period.

107. While there is no option to avoid an increase in accommodation costs as of 2023, options 1, 2 and 3 afford the Organization the opportunity to acquire a valuable building asset and to avoid even larger costs in the long term. Of these, option 3 (DC-5) is the most cost-effective.

Recommended next steps

108. Given the significant advantages of option 3 (DC-5) compared with the other options, the Secretary-General strongly recommends that that very feasible and serious option be pursued further.

109. Should the General Assembly authorize the Secretary-General to pursue option 3, the timeline for ensuing actions would be as follows:

December 2015	General Assembly requests the Secretary-General to further develop the United Nations Development Corporation proposal as the option to be pursued
2016	United Nations Development Corporation resumes work and completes schematic design documents, produces a schematic design cost estimate and begins work on design development documents

September 2016	*Report of the Secretary-General to the General Assembly at its seventy-first session*
	Outcome of schematic design, revised cost estimate, revised project schedule, progress update on detailed lease negotiations
2017	United Nations Development Corporation completes design development documents, produces a design development cost estimate and produces construction documents and a construction cost estimate
September 2017	*Report of the Secretary-General to the General Assembly at its seventy-second session*
	The General Assembly approves the project on the basis of the outcome of finalized lease negotiations, cost estimates and details of bond issuance
2018	United Nations Development Corporation tenders for construction contract
2019-2021	Construction period
2022	United Nations occupancy of DC-5

110. As indicated in paragraphs 38 and 39 above, any delay in the proposed schedule set out above would likely expose the Organization to the risk of a sharp increase in commercial leasing costs in 2023.

111. As indicated by the Secretary-General in paragraph 66 of his previous report (A/68/734), dedicated resources would be required in order to pursue option 3. The immediate next steps in 2016 would include:

(a) Recruiting the internal dedicated project oversight team to oversee United Nations Development Corporation design activities, coordinate lease negotiations and develop detailed bond terms;

(b) Hiring the third-party consultant adviser and legal counsel to pursue final detailed lease negotiations and bond terms.

112. In addition to actively pursuing the DC-5 option, the Secretary-General would continue to monitor market developments with respect to commercial leasing and continue to analyse how potential future changes in various unknown factors and assumptions may have an impact on the cost of the DC-5 option.

VI. Resource requirements

113. Pursuit of the DC-5 option would require dedicated resources for a small project oversight team within the Facilities and Commercial Services Division of the Office of Central Support Services to coordinate with the United Nations Development Corporation, including activities described in paragraph 111 above. The team would be responsible for ensuring that the project would fully meet United Nations requirements.

114. The estimated cost of the oversight team is $915,500, to provide for three staff for an initial period of 18 months during the biennium 2016-2017, as well as accommodation requirements for those three positions, including furniture, office supplies, office automation equipment and telephone and network services. The proposed composition of the team would include a Senior Project Coordinator (D-1), a Project Coordinator-Architecture and Planning (P-4) and an Administrative Assistant (General Service (Other level)).

115. The Senior Project Coordinator would be responsible for the management and coordination of all day-to-day project activities. He or she would serve as the primary liaison between the United Nations Development Corporation-led design team and the United Nations, identify detailed United Nations space and other design requirements, and coordinate the efforts of the third-party consultant and relevant Secretariat departments with respect to producing the schematic design, related cost estimates and detailed lease negotiations. He or she would also be responsible for monitoring ongoing market development and other factors affecting the study on long-term accommodation needs.

116. The Project Coordinator-Architecture and Planning would be responsible primarily for coordinating with United Nations offices and departments with respect to space requirements, including continuing to monitor the overall New York-based population and the impact of other United Nations initiatives on the requirements. The Administrative Assistant would provide administrative support to the Senior Project Coordinator and the Project Coordinator-Architecture and Planning.

117. External consultancy services for a third-party real estate adviser would be required for a period of 18 months. The consultancy would include sub-consultancy services in the areas of financial advice, cost estimation, architectural design and real estate brokering. The consultant would provide services for the purposes of negotiating the detailed lease with the United Nations Development Corporation and the project agreement and carrying out the essential independent cost analysis of the cost estimates produced by the Corporation and continued monitoring of the commercial real estate market. In addition, the architect would produce the design of the United Nations portion of the tunnel connecting the DC-5 option to the United Nations campus. It is estimated that the cost of the consultancy services would be $1.2 million. Such services would be essential given the magnitude and importance of the project and, should the General Assembly eventually approve it, to ensure that the risks in the design phase are appropriately managed.

118. External legal counsel services would be required for a period of 18 months at an estimated cost of $400,000. Such services would include the provision of specialized services to support the Office of Legal Affairs with respect to the detailed lease.

119. Total resources for the project team and the consultancy services would amount to $2,515,400 for the biennium 2016-2017.

VII. Actions to be taken by the General Assembly

120. **The General Assembly is requested to:**

(a) **Take note of the report of the Secretary-General;**

(b) **Request the Secretary-General to further develop the United Nations Development Corporation proposal as a very feasible and serious option to be pursued;**

(c) **Authorize the Secretary-General to take the next steps necessary for implementation, without prejudice to any future decisions of the Assembly;**

(d) **Approve the establishment of three general temporary assistance positions effective 1 July 2016 for a period of 18 months;**

(e) **Appropriate an amount of $2,515,400 for the biennium 2016-2017, under section 29D, Office of Central Support Services, in addition to the proposed programme budget for the same period, which represents a charge against the contingency fund;**

(f) **Request the Secretary-General to submit a project progress report at the main part of the seventy-first session of the General Assembly.**

Annex I

Financial analysis of options

Long-term accommodation cost (2015-2064), Secretariat only

Total cost

(Thousands of United States dollars)

	New building		*Current leases*		*Additional market leases*		*Total*		
	Occupancy cost	*One-time costs*	*Occupancy cost*	*One-time costs*	*Occupancy cost*	*One-time costs*	*Occupancy cost*	*One-time costs*	*Total cost*
No growth									
North Lawn assessment	1 218 500	995 700	603 600	–	3 043 000	120 500	4 865 100	1 116 200	5 981 300
North Lawn financing	3 462 400	–	397 300	–	3 210 200	111 300	7 069 900	111 300	7 181 200
DC-5	3 821 000	–	349 400	–	(86 300)	22 300	4 084 100	22 300	4 106 400
Status quo	–	–	446 600	–	7 790 400	157 600	8 237 000	157 600	8 394 600
0.5 per cent decrease									
North Lawn assessment	1 218 500	995 700	603 600	–	1 785 900	90 800	3 608 000	1 086 500	4 694 500
North Lawn financing	3 462 400	–	397 300	–	1 937 700	93 400	5 797 400	93 400	5 890 800
DC-5	3 821 000	–	349 400	–	(1 087 000)	32 100	3 083 400	32 100	3 115 500
Status quo	–	–	446 600	–	6 544 900	144 900	6 991 500	144 900	7 136 400
1.1 per cent growth									
North Lawn assessment	1 218 500	995 700	603 600	–	6 437 900	162 200	8 260 000	1 157 900	9 417 900
North Lawn financing	3 462 400	–	397 300	–	6 609 900	200 800	10 468 700	200 800	10 669 500
DC-5	3 821 000	–	349 400	–	3 262 100	39 200	7 432 500	39 200	7 471 700
Status quo	–	–	446 600	–	10 881 700	327 600	11 328 300	327 600	11 655 900

Current value in 2015 dollars

(Thousands of United States dollars)

	New building		*Current leases*		*Additional market leases*		*Total*		
	Occupancy cost	*One-time costs*	*Occupancy cost*	*One-time costs*	*Occupancy cost*	*One-time costs*	*Occupancy cost*	*One-time costs*	*Total cost*
No growth									
North Lawn assessment	564 400	719 700	501 800	–	1 137 700	82 000	2 203 900	801 700	3 005 600
North Lawn financing	1 754 500	–	350 600	–	1 260 700	85 300	3 365 800	85 300	3 451 100
DC-5	2 355 000	–	312 800	–	(32 600)	17 600	2 635 200	17 600	2 652 800
Status quo	–	–	388 400	–	3 055 500	117 200	3 443 900	117 200	3 561 100
0.5 per cent decrease									
North Lawn assessment	564 400	719 700	501 800	–	662 600	60 400	1 728 800	780 100	2 508 900
North Lawn financing	1 754 500	–	350 600	–	768 000	69 900	2 873 100	69 900	2 943 000
DC-5	2 355 000	–	312 800	–	(408 300)	24 000	2 259 500	24 000	2 283 500
Status quo	–	–	388 400	–	2 588 800	107 800	2 977 200	107 800	3 085 000
1.1 per cent growth									
North Lawn assessment	564 400	719 700	501 800	–	2 507 100	116 000	3 573 300	835 700	4 409 000
North Lawn financing	1 754 500	–	350 600	–	2 636 500	156 700	4 741 600	156 700	4 898 300
DC-5	2 355 000	–	312 800	–	1 306 400	34 400	3 974 200	34 400	4 009 600
Status quo	–	–	388 400	–	4 253 000	242 100	4 641 400	242 100	4 883 500

Annex II

Sensitivity analysis of the impacts of various assumptions

The table below illustrates the relative impacts of possible future changes in the many key modelling assumptions on the total calculations of the 50-year financial analysis (changes are quoted in terms of a no-growth population scenario).

	Current assumption	*Change*	*Impact (current value)*	*Change*	*Impact (current value)*
Ancillary space					
Option 1	319,758 GSF	+50,000 GSF	+$201 million	-50,000 GSF	-$201 million
Option 2	283,301 GSF	+50,000 GSF	+$222 million	-50,000 GSF	-$222 million
Option 3	283,301 GSF	+50,000 GSF	+$227 million	-50,000 GSF	-$227 million
Option 4	228,837 GSF	+50,000 GSF	+$201 million	-50,000 GSF	-$201 million
Population					
Option 1	3,210 people	+250 people	+$169 million	-250 people	-$169 million
Option 2	3,210 people	+250 people	+$187 million	-250 people	-$187 million
Option 3	3,210 people	+250 people	+$190 million	-250 people	-$190 million
Option 4	3,210 people	+250 people	+$186 million	-250 people	-$186 million
GSF/person if owned					
Option 1	168 GSF/person	-25 GSF/person	-$120 million	+25 GSF/person	+$120 million
Option 2	168 GSF/person	-25 GSF/person	-$133 million	+25 GSF/person	+$133 million
Option 3	168 GSF/person	-25 GSF/person	+$25 million	+25 GSF/person	-$25 million
Option 4	168 GSF/person	-25 GSF/person	-$356 million	+25 GSF/person	+$356 million
Interest rate (option 2)	5.67%	+50 BPS	+$57 million	-50 BPS	-$74 million
Interest rate (option 3)	5.11%	+50 BPS	+$127 million	-50 BPS	-$121 million
Market leasing rate					
Option 1	$78	+$5 PRSF	+$50 million	-$5 PRSF	-$50 million
Option 2	$78	+$5 PRSF	+$55 million	-$5 PRSF	-$55 million
Option 3	$78	+$5 PRSF	-$10 million	-$5 PRSF	+$10 million
Option 4	$78	+$5 PRSF	+$143 million	-$5 PRSF	-$143 million

Abbreviations: BPS, basis points; GSF, gross square feet; PRSF, per rentable square foot.

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Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields

Follow-up to the outcome of the Millennium Summit

Letter dated 23 September 2015 from the Permanent Representative of the Islamic Republic of Iran to the United Nations addressed to the Secretary-General

Upon instructions from my Government, I have the honour to submit the following observations and reservations on the outcome document of the United Nations summit for the adoption of the post-2015 development agenda entitled "Transforming our world: the 2030 Agenda for Sustainable Development".

We believe that the Agenda is a historic and universal document and note that it displays a strong commitment towards eradicating poverty, as the greatest global challenge, and emphasizes indispensable requirements for sustainable development. We highlight the consensus achieved on the principles of common but differentiated responsibilities as well as national ownership and leadership as solid foundations to facilitate the implementation of the Agenda at all levels: national, regional and international.

We reiterate the central role of the High-level Political Forum. A solid and strong High-level Political Forum, visionary but practical, is in a unique position to support advancing the Agenda. It should demonstrate high-level political leadership and guide the Agenda and its implementation.

Meanwhile, the Islamic Republic of Iran would like to put on record its observations on the following issues:

- We reiterate our previous explanations of position and reservations on the report of the Open Working Group on Sustainable Development Goals (see A/68/970/Add.1).
- In our understanding, there should be only a single voluntary reporting system by the national Governments, based on the principle of national ownership and leadership, seeking, where and as appropriate, inputs from national non-State

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actors, the United Nations country offices as well as the United Nations Secretariat.

- We would like to emphasize the necessity of compatibility of the United Nations operating activities with the Agenda, in the context of the quadrennial comprehensive policy review, to enable the Member States to implement the Agenda.
- We reiterate that any reporting template and reporting mechanism and their indicators should be agreed and adopted through an intergovernmental process.
- Nothing in this document shall be construed in one way or another against national legislation, development priorities or the cultural, social and religious backgrounds of the Islamic Republic of Iran. This applies, inter alia, to terms such as other status, other groups, sex education, gender, sexual and reproductive health and reproductive rights.
- Finally, we reiterate our willingness and full engagement towards the implementation of the Agenda.

I would be grateful if you would have the present letter circulated as a document of the General Assembly under agenda items 15 and 116.

(*Signed*) Gholamali **Khoshroo**
Ambassador
Permanent Representative